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INDEPENDENT AUDITORS' REPORT

of

Inter-audit Crowe Limited Liability Company

on the annual financial statements of

Joint-Stock Company

"Commercial Bank Globus"

for the year ended 31 December 2020

Contents

#1108

22 April 2021 City of Kyiv

This Report is addressed to:

- Shareholders and management of JOINT-STOCK COMPANY "COMMERCIAL BANK GLOBUS";
- The National Bank of Ukraine
- The National Commission on Securities and Stock Market

I. Report on audit of financial statements

Opinion

We have audited the financial statements of JOINT-STOCK COMPANY "COMMERCIAL BANK GLOBUS" (the "Bank"), which comprise the statement of financial position (Balance sheet) as at 31 December 2020 and the Statement of profit or loss (Income statement), Statement of other comprehensive income, Statement of cash flows (direct method), Statement of changes in equity for the year then ended, and notes, comprising significant accounting policies.

In our opinion, the accompanying financial statements of JOINT-STOCK COMPANY "COMMERCIAL BANK GLOBUS" present fairly, in all material aspects, the financial position of the Bank as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Bank in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Ukraine, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Key Audit Matters incorporating the most significant risks of material misstatements, including risk of material misstatements due to fraud:

Key audit matters are those matters that, in our professional judgment, were of significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We identified the matters described below to be the key audit matters to be communicated in our report.

- Impairment of loans and assessment of credit quality;
- Valuation of investment property.

Impairment of loans and assessment of credit quality

We focused on this matter as management makes significant professional assumptions on the possibility of recognition of impairment and evaluation of expected credit losses. Such professional assumption is applied before occurrence of the default event, involving evaluation of the amount of expected credit losses that result from default events that are possible during the loan period.

Identification of significant increase in credit risk and impairment and assessment of the recoverable amount involves certain assumptions and analysis of various factors, including borrower creditworthiness, expected cash flows, observable market prices and fair value of collateral.

Loss provisions reflect the management's reasonable judgement on expected losses on loan portfolios and clients' indebtedness to the bank.

Detailed information on the loan loss provision is provided in Note 4 Significant accounting policies and Note 8 Loans and advances to customers.

Our audit approach. We checked a sample of loans from the Bank's total portfolio. Our check encompassed the following matters:

- Assessing approaches to evaluation of expected credit losses and distribution of the loans by impairment stage depending on the changes in the exposure to credit risks;
- Assessing internal controls applied by management in calculating the provisions and determining the amount of the expected credit losses;
- Completeness of evidence of impairment analysed by management, correctness of present value of expected cash flows, including those related to sale of collateral;
- Testing input data and assessing assumptions, as well as default event identification model based on borrowers' creditworthiness assessment;
- We have assessed completeness and correctness of disclosures in the Bank's financial statements with regard to provisions for expected credit losses on loans and advances to customers.

Valuation of investment property

Determining the value of land plots as part of investment property requires the use of professional judgement by management on significant accounting estimates, therefore, this area was a key audit matter.

To assess the mortgaged property as part of the investment property, management primarily relied on the opinion of external experts.

A significant portion of investment property was recorded on the accounts in prior years and has not yet been sold.

Due to the inherent instability of the economy and the lack of an organised real property market, the costs per square meter of spaces are highly volatile, lying within quite a broad range. The significant uncertainty related to the introduction of quarantine and restrictive measures taken to prevent the spread of coronavirus pandemic (COVID-19) may affect the liquidity of the real property market, the ability/willingness of businesses to invest in real property and, accordingly, the Bank's ability to maintain its value.

How the key audit matter was addressed in our audit

We have obtained an understanding of management controls related to accounting for and assessing the market value of the respective assets at the reporting date.

We have received and reviewed valuation reports on relevant assets prepared by independent experts to understand the inputs and valuation techniques used.

Other information

Management Report

Management is responsible for the other information included in the Management Report prepared in accordance with the Law of Ukraine "On Accounting and Financial Reporting in Ukraine" and the Law of Ukraine "On Securities and Stock Market", but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information in the Management Report and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information included in the Management Report and the Report on Corporate Governance contained therein and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we have obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Other matters

The financial statements of the Bank as at and for the year ended 31 December 2019 were audited by other auditors whose report dated 29 May 2020 expressed an unmodified opinion on those financial statements.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

The Supervisory Board is responsible for supervision of the Bank's financial reporting process.

Auditors' Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Bank to express an opinion on the consolidated financial statements.

We communicate with the Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Supervisory Board, we determine those matters that were of most significance in the audit of the financial statements of the reporting period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Mandatory information to be disclosed in accordance with Article 14 of the Law of Ukraine "On Audit of Financial Statements and Auditing Activity"

In accordance with Article 14 of the Law of Ukraine "On Audit of Financial Statements and Auditing Activity", our auditors' report includes additional information related to the audit of the financial statements of JOINT-STOCK COMPANY "COMMERCIAL BANK GLOBUS" for 2020

The body that appointed the auditor	Supervisory Board of JJOINT-STOCK COMPANY "COMMERCIAL BANK GLOBUS"
Auditor appointment date	Resolution #70 of the Supervisory Board of the Bank dated 28 September 2020
Total uninterrupted period of audit engagements, taking into account any extensions and re-appointments	1 year

Description and assessment of risk of material misstatement, particularly due to fraud	*Risk of material misstatement* is the risk that the financial statements are materially misstated prior to audit. For the detailed description and assessment of the risk of material misstatement, particularly due to fraud, see the Key Audit Matters section above.
Reference to relevant item or other disclosure in the financial statements for each description and assessment of the risk of material misstatement in the audited financial statements	Areas of increased risk of material misstatement or significant risks identified by us are related to Loans and advances to customers in the statement of financial position (balance sheet), as well as to Other assets and Net impairment loss in the income statement relevant to net impairment gains/losses on financial assets
Summary of measures taken by the auditor to mitigate such risks	Summary of measures taken by the auditor to mitigate such risks, and key reservations with regard to such risks are set out in the Key Audit Matters section above.
Key reservations with regard to such risks	
Explanations on the audit findings in respect of inconsistencies, particularly due to fraud	During our audit, no inconsistencies have come to our attention in excess of the level of materiality acceptable for this audit engagement that would require adjustment to the financial statements issued by the Bank.
Confirmation of consistency of the auditors' report with the additional report to the Audit Committee of the Company.	This auditors' report is consistent with the additional report to the Supervisory Board of JOINT-STOCK COMPANY "COMMERCIAL BANK GLOBUS"
Representation on non-provision of prohibited services and independence of the lead engagement partner and audit firm of the audited entity	We declare that no prohibited services were provided by Audit Firm Inter-Audit Crowe LLC, and our employees engaged in the audit are independent of the Bank and have not provided any services to the Bank.
Information on non-audit services provided by the auditor to the Bank or entities under the Bank's control that have not been disclosed in the Management Report or in the financial statements	In 2020, Audit Firm Inter-Audit Crowe LLC has not provided any services to the Bank or entities under the Bank's control in addition to the statutory audit
Explanations on the scope of the audit and inherent limitations	The scope of our audit procedures in accordance with ISAs is designed to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and obtain appropriate audit evidence to express an opinion on the financial statements of the Bank. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit

	conducted in accordance with ISAs will always detect a material misstatement when it exists.
Information on the check of the Report on Corporate Governance	Under Article 40[1] of Law of Ukraine "On Securities and Stock Market" # 3480-IV dated 23 February 2006, we are required to check the information included in the Management Report and express an opinion on the information contained therein. During our check of the information contained in the Report on Corporate Governance, we concluded that the Report on Corporate Governance contained sufficient and appropriate information to be disclosed in accordance with requirements of Article 40[1] Of Law of Ukraine # 3480-IV.

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In accordance with the Law of Ukraine "On Banks and Banking", Regulation of the National Bank of Ukraine on submittal of an auditors' report on the annual financial statements adopted by Resolution No 90 of the National Bank of Ukraine Management Board dated 2 August 2018, additional information on the auditors' opinion on: compliance (fair presentation) of the data on the Bank's assets and liabilities structure by maturity in the statistical report prepared by the Bank for submission to the National Bank of Ukraine as at 1 January 2021, and on compliance with the National Bank' s regulations on: internal control; internal audit; assessment of exposure to credit risk on asset-side transactions; recognition of transactions and balances with the related parties; capital adequacy, taking into account quality of the Bank's assets; and maintenance of accounting records is set forth in the Report on the compliance with other regulations of the National Bank of Ukraine section of this report.

The lead engagement partner on the audit resulting in this independent auditors' report is Yevgen M. Baran.

II. Report on the compliance with other regulations of the National Bank of Ukraine

We prepared Auditors' report #1108 dated 22 April 2021.

In accordance with Article 69 of the Law of Ukraine "On Banks and Banking" and paragraph 27 of Regulation of the National Bank of Ukraine on submittal of an auditors' report on the annual financial statements adopted by Resolution No 90 of the National Bank of Ukraine Management Board dated 2 August 2018 (hereinafter "Resolution No 90"), we have provided additional information (assessment) related to the annual financial statements for 2020.

I. The Report on the compliance with other regulations of the National Bank of Ukraine contains information on compliance (fair presentation) of the data on the Bank's assets and liabilities structure by maturity in the statistical report prepared by the Bank for submission to the National Bank of Ukraine as at 1 January 2021, and on compliance with the National Bank' s regulations on:

- internal control;
- internal audit;
- assessment of exposure to credit risk on asset-side transactions;
- recognition of transactions and balances with the related parties;
- capital adequacy, taking into account quality of the Bank's assets;
- maintenance of accounting records.

The matters set out below were considered solely within the scope of our audit of the Bank's financial statements for 2020 based on a sample testing and materiality principle, as well as our analysis of the subsequent events in accordance with International Standards on Auditing.

Our procedures did not seek to identify all the weaknesses or other irregularities that may exist and, therefore, they should not be construed as an assurance of absence of any weaknesses and/or irregularities in the operations of JOINT-STOCK COMPANY "COMMERCIAL BANK GLOBUS".

Our approach to compliance with regulatory requirements on disclosure of information

Our findings mainly concern the matters outlined in paragraph 27 of Regulation No 90 above. In case of any inconsistencies identified in the Bank's administrative data and internal procedures, we assess the impact of such matter or the risks of weaknesses in the Bank's internal controls.

Compliance (fair presentation) of the data on the Bank's assets and liabilities structure by maturity in the statistical report

In the preparation of the A7X "Data on the structure of assets and liabilities by maturity" statistical reporting file as at 1 January 2021 used for calculation of liquidity ratios in accordance with the procedure set forth in "Instruction on the procedure for regulation of banking activities in Ukraine", approved by Resolution of the National Bank of Ukraine Management Board No.368 dated 28 August 2001, as amended, the Bank complied with regulatory requirements of the National Bank of Ukraine.

During our audit, nothing has come to our attention that caused us to believe that the A7X "Data on the structure of assets and liabilities by maturity" statistical reporting data as at 1 January 2020 that do not form a part of the set of the annual financial statements are invalid.

Compliance of the Bank with the National Bank' s regulations on:

Internal control

As a result of audit procedures performed as a part of our audit of the annual financial statements, nothing has come to our attention that caused us to believe that the Bank's internal control structure and tools were not in line with regulatory requirements of the NBU, in particular, NBU Resolution No. 88 dated 2 July 2019 "On approval of Regulation on organising internal control in Ukrainian banks and banking groups".

Internal audit

The Bank's internal regulations on internal audit are in line with the requirements of the NBU regulations, in particular, Resolution No. 311 "On adoption of Regulation on organising the internal audit function in Ukrainian banks" dated 10 May 2016. The Bank's internal audit procedures are in line with the requirements of its internal regulations.

Assessment of exposure to credit risk on asset-side transactions

During our audit, we identified violations of the procedure for determining credit risk on debtors/legal entity counterparties in three instances.

1. Two instances resulted from non-recognition of a debtor's/borrower's event under Regulation No. 351. The effect of this matter on the exposure to credit risk amounted to UAH 15,472 thousand.

2. An instance of possible overstatement by 10% or more of the collateral value (including liquidity ratio determined in accordance with requirements of Regulation No. 351).

Except for the instances mentioned above, the procedure for assessing the exposure to credit risk as at the reporting date calculated by the Bank subject to regulations of the National Bank, including the "Regulation on the assessment of the credit risk from asset-side banking operations by banks of Ukraine" approved by NBU Board Resolution No. 351 dated 30 June 2016 (as amended) (hereinafter "NBU Resolution No. 351) is generally in line, in all material aspects, with the requirements in effect.

Subject to Terms of Reference regarding sustainability assessment of Ukrainian banks and banking system in 2021 approved by NBU Management Board Resolution № 39-рш dated 8 February 2021, we will prepare and submit to the National Bank of Ukraine the Report on credit quality assessment of the Bank's assets and appropriateness of security on lending transactions with detailed information on the results of evaluation of the Bank's assets and credit risk.

Recognition of transactions and balances with the related parties

In conducting our audit, we studied relevant information and assessed the Bank's processes to identify the related parties in accordance with the requirements of the National Bank of Ukraine and IFRS, obtained necessary explanations from management on related party transactions, and analysed the Bank's contracts with the related parties and minutes of the meetings of the Bank's collegial bodies.

We did not identify any transactions of the Bank with the related parties on the terms other than the terms of transactions with other borrowers or creditors. We evaluated the risk related to the Bank's lending transactions with the related parties as moderate.

We did not identify any material inconsistencies with IFRS in respect of related party transactions disclosed in the "Related party transactions" note to the Bank's financial statements.

Capital adequacy, taking into account quality of the Bank's assets

The information on the Bank's authorised capital, equity and movements in reserves and other funds is disclosed in the respective financial statements and notes to the annual financial statements.

The Bank's regulatory capital calculated in accordance with "Instruction on the procedure for regulation of banking activities in Ukraine", approved by Resolution of the National Bank of Ukraine Management Board No.368 dated 28 August 2001, as amended, and subject to requirements of the National Bank of Ukraine on the preparation of statistical report 6DX "Data on compliance with economic ratios and open currency position limits" submitted to the National Bank of Ukraine as at 31 December 2020 amounted to UAH 537,118 thousand. (31 December 2019: UAH 338,335 thousand).

The above-mentioned ratios Regulatory capital of the Bank

The regulatory capital adequacy ratio under statutory requirements should be at least 10%. As at 31 December 2020, the Bank's actual regulatory capital adequacy ratio was 19.13%.

The amount of regulatory capital taking into account the effect of the issues related to our credit risk assessment per Assessment of exposure to credit risk on asset-side transactions sufficient to perform the Bank's licensed activity.

Maintenance of accounting records

The Bank generally maintains its accounting records in accordance with the NBU regulations and the Bank's accounting policy.

In our opinion, during the reporting year the Bank's accounting:

was in line with the regulations of the National Bank of Ukraine;

ensured the appropriate level of compliance with the internal regulations.

General Director

Audit Firm Inter-Audit Crowe LLC **O.V. Denisiuk**

Registration No. in the Register of Auditors and Audit Organisations: 100530.

Lead Engagement Partner **Y.M. Baran**

Registration No. in the Register of Auditors and Audit Organisations: 101721.

General information on the auditor

AUDIT FIRM INTER-AUDIT CROW LIMITED LIABILITY COMPANY

Registration No. in the Unified State Register of Legal Entities and Entrepreneurs of Ukraine: 30634365

Registered address: 10 LESI UKRAYINKI Blvd office 61 01133 Kyiv

Postal address: 9 Stepana Bandery Av. Building 1B office 1-205, 1-204 04073, Kyiv

Registration No. in the Register of Auditors and Audit Organisations: 2248.

22 April 2021 City of Kyiv

STATEMENT OF FINANCIAL POSITION
as at 31 December 2020

(UAH '000)

Item	Notes	31/12/2020	31/12/2019
ASSETS			
Cash and cash equivalents	6	361,640	523,998
Investments in securities	7	2,405,387	1,542,118
Loans and advances to customers	8	2,324,196	1,596,340
Investment property	9	62,172	89,872
Current tax asset		-	545
Deferred tax assets		3,153	20,000
Property, equipment and intangible assets	10	150,243	97,039
Right-of-use assets	11	20,570	22,515
Derivative financial assets		18	56
Other financial assets	13	28,502	14,392
Other assets	12	21,705	5,120
Non-current assets held for sale and disposal groups	14	-	15,011
Total assets		**5,377,586**	**3,927,006**
Due to banks	15	655,890	54,149
Due to customers	16	4,027,690	3,352,671
Derivative financial liabilities	22	-	411
Lease liabilities	21	20,930	22,155
Debt securities issued by the Bank	17	187	280
Provisions for liabilities	18	10,019	12,682
Other liabilities	20	39,448	32,901
Other financial liabilities	19	87,128	25,765
Income tax liability		313	-
Subordinated debt	23	47,795	100,496
Total liabilities		**4,889,400**	**3,601,510**
EQUITY			
Share capital	24	300,000	300,000
Transactions with shareholders (owners)		70,000	-
Retained earnings		92,690	24,146
Reserves and other funds		25,496	1,350
Total equity		**488,186**	**325,496**
Total liabilities and equity		**5,377,586**	**3,927,006**

Approved for issuance and signed on 22 April 2021

Chairperson of the Management Board S.H. Mamedov

Chief Accountant A.M. Lipatova

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME for 2020

(UAH '000)

Item	Notes	2020	2019
1	2	3	4
Interest income	26	569,162	425,230
Interest expense	26	(280,001)	(276,530)
Net interest income	26	289,161	*148,700*
Fee and commission income	27	179,115	191,007
Fee and commission expense	27	(20,160)	(17,387)
Net fee and commission income	27	158,955	173,620
Net gain/(loss) from dealing in financial instruments carried through profit or loss	33	65,876	21,967
Net gain/(loss) from foreign currency transactions		129	63,837
Net gain (loss) from foreign currency translation		17,828	11,290
Net gain/(loss) from impairment of loans and advances to customers, and due from banks		(90,590)	(79,363)
Net loss from impairment of receivables and other assets		(6,092)	1,992
Net increase/(decrease) in provisions for liabilities		3,589	(2,521)
Other operating income	28	80,540	37,275
Employee benefit expenses	29	(297,470)	(210,256)
Depreciation and amortisation	29	(28,653)	(28,339)
Administrative and other operating expenses	29	(155,414)	(93,223)
Profit (loss) from recovery/(impairment) of investment property		72,536	(37)
Profit/(loss) before tax		**110,395**	**44,942**
Income tax expense		(17,705)	-
Profit/(loss) from continued operation		92,690	44,942
Profit/(loss) for the year		**92,690**	**44,942**
OTHER COMPREHENSIVE INCOME:			
Other comprehensive income after tax for the year		-	-
Total comprehensive income for the year		**92,690**	**44,942**
Earnings/(loss) per share from continued operation:			
basic and diluted earnings per ordinary share, UAH		308.97	149.80

Approved for issuance and signed on 22 April 2021.

Chairperson of the Management Board S.H. Mamedov

Chief Accountant A.M. Lipatova

STATEMENT OF CHANGES IN EQUITY for 2020

(UAH '000)

Item	Notes	Share capital	Transactions with shareholders (owners)	Reserves, other funds and revaluation reserves	Retained earnings	Total equity
1	2	3		4	5	6
Balance as at 31 December 2018		**300,000**	**-**	**1,350**	**(20,796)**	**280,554**
Adjusted balance as at 1 January 2019		**300,000**	**-**	**1,350**	**(20,796)**	**280,554**
Total comprehensive income		-	-	-	44,942	44,942
Balance as at 31 December 2019		**300,000**	**-**	**1,350**	**24,146**	**325,496**
Total comprehensive income		-	-	-	92,960	92,690
Transactions with shareholders (owners)		-	70,000	-	-	70,000
Profit distribution		-	-	24,146	(24,146)	-
Balance as at 31 December 2020		**300,000**	**70,000**	**25,496**	**92,690**	**488,186**

Approved for issuance and signed on 22 April 2021.

Chairperson of the Management Board S.H. Mamedov

Chief Accountant A.M. Lipatova

STATEMENT OF CASH FLOWS (DIRECT METHOD)
for 2020

(UAH '000)

Item	Notes	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:			
Interest income received	26	551,343	364,481
Interest expenses paid	26	(279,097)	(293,149)
Interest income received	27	178,541	191,007
Fee and commission expenses paid	27	(20,160)	(17,387)
Gains less losses from dealing in securities		20,317	21,877
Gains less losses from dealing in derivative financial instruments		10,992	(3,202)
Gains less losses from dealing in foreign currencies		3,302	63,838
Other operating income received	28	75,500	33,105
Personnel costs paid	29	(291,303)	(201,114)
Administrative and other operating expenses paid	29	(76,697)	(71,518)
Income tax paid		-	-
Cash flows received/(used in) operating activities before changes in operating assets and liabilities		**172,738**	**87,938**
Changes in operating assets and liabilities:			
Net (increase)/decrease in financial assets carried at amortised cost	7	(523,834)	(662,000)
Net (increase)/decrease in financial instruments at fair value through profit or loss	7	(323,000)	(438,373)
Net (increase)/decrease in loans and advances to customers	8	(821,170)	(115,115)
Net (increase)/decrease in other financial assets	13	5,469	(6,650)
Net (increase)/decrease in other assets	12	(2,103)	879
Net increase/(decrease) in due to banks	15	602,186	53,814
Net increase/(increase) in due to customers	16	669,462	1,181,237
Net increase/(increase) in provisions for liabilities	18	(87)	5,787
Net increase/(increase) in debt securities issued by the bank	17	793	(4,571)
Net increase/(decrease) in other financial liabilities	19	61,414	(6,160)
Net cash flows received/(used in) operating activities		**(158,132)**	**96,786**
CASH FLOWS FROM INVESTING ACTIVITIES:			
Proceeds from disposal of property and equipment	10	-	57
Purchase of property and equipment	10	(3,580)	(8,914)
Purchase of intangible assets	10	(15,051)	(5,389)
Net cash flows from/(used in) investing activities		**(18,631)**	**(14,246)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of subordinated debt		(60,000)	
Shareholder contributions		70,000	-
Net cash flows received (used in) financing activities		**10,000**	**-**

Net cash flows received (used in) financing activities		**10,000**	**-**
Effect of changes in official exchange rate of the National Bank of Ukraine on cash and cash equivalents		**4,405**	**2,900**
Net increase/(decrease) in cash and cash equivalents		**(162,358)**	**85,440**
Cash and cash equivalents at the beginning of the year		523,998	438,558
Cash and cash equivalents at the end of the period		361,640	523,998

Approved for issuance and signed on 22 April 2021.

Chairperson of the Management Board S.H. Mamedov

Chief Accountant A.M. Lipatova

Note 1. Background

JOINT-STOCK COMPANY “COMMERCIAL BANK GLOBUS”, which iwhich, in accordance with para.

1.3 of the Articles of Association, is the successor of rights and liabilities of the Open Joint Stock Company “Commercial Bank Globus” (hereinafter – the Bank), established on 22 January 2007 by decision of the Meeting of Founders.

Limited Liability Company “UKRAINIAN MEDIA TECHNOLOGIES” is the founder of the Bank.

JSC “CB GLOBUS” was registered on 29 November 2007 by the National Bank of Ukraine, in witness whereof a respective record was made in the State Register of Banks, according to which Certificate No. 320 was issued.

The Bank is registered and located at:

9/5 Klovsky Uzviz, Kyiv 04073, Ukraine.

PJSC “CB GLOBUS” is incorporated as a joint stock Company.

The Bank’s governance bodies are:

- The General Meeting of Shareholders;
- The Supervisory Board;
- The Management Board.

According to the staffing schedule, the Bank had 549 employees as at 31 December 2020 (31 December 2019: 539 employees).

SPECIALISATION OF THE BANK

According to the Articles of Association, JSC “CB GLOBUS” is a universal banking institution that operates within the territory of Ukraine in accordance with the applicable law and regulations of the National Bank of Ukraine.

ACTIVITIES

The Bank provides services in accordance with the Law of Ukraine “On Banks and Banking Activity” the Articles of Association and to the extent allowed under the licenses granted by the National Bank of Ukraine.

JSC “CB GLOBUS” conducts operations on the Ukrainian banking services market on the basis of Banking Licence No. 240 of 21 January 2019 issued by the National Bank of Ukraine.

The Bank provides a wide range of banking services to its customers in accordance with the Law of Ukraine “On Banks and Banking Activity” as set out below:

- acceptance of cash deposits and precious metals from any legal entities and individuals without limitation;
- opening and maintenance of current accounts for customers and correspondent banks, including those in bank metals, and escrows;
- placement of the funds and bank metals on deposits and current accounts on the Bank's own behalf, on its own terms and conditions and at its own risk;
- provision of advisory and information services on the banking and other financial services;
- provision of services to individuals and entities in the trading of cash and non-cash currency valuables and immediate crediting of these valuables to their accounts in accordance with the Law of Ukraine "On Currency and Currency Transactions";;
- organisation of purchase and sales of securities on the customer's behalf;
- operations on securities markets on its own behalf (including underwriting);
- operations related to the custody activity of a custodian institution;
- storage of valuables or rental of a personal bank safe;
- transactions on behalf of customers or on their own behalf, with:
- money market instruments;
- foreign exchange rate or interest based instruments;
- financial futures and options.

In addition, JSC "CB GLOBUS" holds the following licenses from the National Commission on Securities and Stock Markets (NCSSM) for professional activities in the stock market:

License AE No.263178 – Professional activity in the stock market – dealing in securities (dealership);

License AE No.263177 – Professional activity in the stock market – dealing in securities (brokerage);

Series AE No. 263375 – custody activity – custody activity of a custodian institution;

As at 31 December 2020, JSC "CB GLOBUS" established correspondence relations with 9 banks, including with one non-resident bank (OJSC "Belinvestbank", Minsk, Belarus). The number of correspondence nostro accounts (37) and vostro accounts (12) is sufficient to ensure the settlement with counterparties in the fastest way possible.

JSC "CB GLOBUS" is:

- a member of the Deposit Guarantee Fund (Certificate No. 193);
- an incumbent member of the Independent Association of Banks of Ukraine;
- an incumbent member of the PFTS Ukraine Stock Exchange;
- an incumbent member of the Perspektyva Stock Exchange;
- an incumbent member of the PJSC "Ukrainian Exchange";
- a member of the Society for Worldwide Interbank Financial Telecommunication (SWIFT);
- a member of the Ukrainian National SWIFT Member and User Group "UkrSWIFT";
- a member of the Professional Association of Capital Markets and Derivatives.

JSC CB GLOBUS is a user of KredInfo (interbank loan information system), UkrDealing information and dealing system, NBU's Ukrainian Interbank FX Market Agreement Confirmation System,

REUTERS, and Bloomberg.

STRATEGIC GOAL

The key goal of the Bank defined by its shareholders is to earn profit by providing a full scope of domestic and international bank services, including, without limitation, commercial, investing, depositary and any other activity that may be permitted to the banks under the effective Ukrainian legislation.

Throughout 2020, GLOBUS Bank continued to operate in all lines of its business. However, in view of the situation inside the country, the main objective was to comply with the policy for reducing risk exposure on its transactions. The Bank's principal development areas in the reporting period included corporate and retail lending, dealing in foreign currencies in customer transactions, currency exchange, cash management services for individuals and entities, attraction of retail and corporate deposits, securities trading, treasury operations.

Our main priorities in the depositary business are client oriented approach, high professionalism and prompt response.

SUMMARY RESULTS OF BANKING SERVICES AND OTHER OPERATIONS

JSC "CB GLOBUS" has earned profit of UAH 92,690 thousand for the reporting period.

Interest income accounts for the largest share in the Bank's revenue structure, comprising 57% or UAH 569,162 thousand.

Interest expenses comprise 31% or UAH 280,001 thousand in the expense structure of 2020.

As at 31 December 2020, equity amounted UAH 488,186 thousand.

The regulatory capital calculated under the methodology of the National Bank of Ukraine amounted to UAH 537,118 thousand.

COUNTERPARTY DESCRIPTION BY SEGMENT

Customer base establishment and expansion has been one of the top priorities for JSC "CB GLOBUS" since its establishment. As at 31 December 2020, JSC "CB GLOBUS" had 62,728 counterparties.

Base of the Bank's counterparties

Counterparty segment	**Number of counterparties**	
	2020	2019
Banks	65	65
Corporate customers	8,122	8,547
Individuals	54,541	55,899
Total counterparties	**62,728**	**64,511**

The share of each segment in the Bank's counterparty structure as at 31 December 2020 is as follows:

- banks – 0.1%;
- corporate customers - 12.9%;
- individuals – 87%.

In 2020, as in previous reporting periods, the Bank's management focused on expanding its customer base and diversifying its resource base to reduce the liquidity and solvency risks of the JSC "CB GLOBUS" due to potential wild swings in balances on customer accounts.

DISCONTINUED OPERATIONS

Throughout 2020, JSC "CB GLOBUS" had no asset ownership restrictions imposed, nor was it subject to any types of ownership termination restrictions.

During t e reporting period, there were no mergers, acquisitions, splits or spin-offs of the Bank.

ORGANISATION AND CORPORATE GOVERNANCE

The overall organisational structure of JSC "CB GLOBUS" (hereinafter – the Structure) was developed on the basis of the applicable law of Ukraine and the Articles of Association. It consists of the governance bodies, controlling bodies, executive bodies and structural units.

The Bank's governing bodies are the General Meeting of the Shareholders, the Supervisory Board, and the Management Board, which is also an executive body. The Bank's controlling bodies are the Audit Committee, Internal Audit Service, and Compliance Unit.

The General Meeting of Shareholders is the supreme governing body of the Bank. The General Meeting of Shareholders carries out general management of the Bank's operations, sets the objectives and development strategy, adopts decisions on amending/revising the Articles of Association, makes changes to the Share Capital, approves the Bank's operating results, profit allocation procedure, procedure and periods for paying shares of profit, loss coverage procedure.

The Bank has the following collegiate bodies:

- Asset/Liability Committee (ALCO);
- Loan Committee;
- Tariff Committee;
- Technology Committee.

All decisions adopted by committees are documented and notified to the authorised officers of the Bank. Committee meetings are held on a monthly basis.

MANAGEMENT SHARE IN THE BANK'S EQUITY

According to the Articles of Association, the Bank's management consists of the Chairperson and members of the Supervisory Board, Chairperson, his/her deputies and members of the Management Board, Chief Accountant and his/her deputies. The Bank's management has no direct shareholding in the Share Capital. Member of the Supervisory Board, Olena Anatoliivna Sylniahina, indirectly holds 50.5% of shares in the share capital. The Chairperson of the Supervisory Board, Dmytro Eduardovych

Polkovskyi, indirectly holds 39.5974% of shares.

SIGNIFICANT INTEREST IN THE BANK

The owners of significant interest in the Bank as at 31 December 2019 are:

LLC "UKRAINIAN MEDIA TECHNOLOGIES" – 99.967% in the share capital of JSC "CB GLOBUS";

TERMAN INTERNATIONAL LTD. - 0.00033% in the share capital of JSC "CB GLOBUS".

Indirect owners of significant interest in the Bank:

KETLEN LTD - through ownership of 99.993% of share capital of TOB UKRAINIAN MEDIA TECHNOLOGIES;

Olena Anatoliivna Sylniahina (individual/natural person), 50.5% in the share capital of LLC "KETLEN". She is the majority shareholder of the Bank equal to 50.5%.

TERMAN INTERNATIONAL LTD. – by holding 39.6% in the share capital of LLC "KETLEN";

Dmytro Eduardivych Polkovskyi (individual/natural person) – by holding 5% in the share capital of LLC "KETLEN" and 100% in the share capital of TERMAN INTERNATIONAL LTD, which holds 39.6% in the share capital of LLC "KETLEN". He owns a significant interest in the Bank equal to 39.5974%;

Yevhen Oleksandrovych Varyagin (individual/natural person) - by holding 9.9% in the share capital of LLC "KETLEN". He owns a significant interest in the Bank equal to 9.8993%.

Approved for issuance and signed on 22 April 2021.

Chairperson of the Management Board S.H. Mamedov

Chief Accountant A.M. Lipatova

Note 2. Economic environment of the Bank

In 2020, net profitof the Ukrainian banks amounted to UAH 41.3 billion. which is 29% less than in the same period of the last year, when the banking sector earned UAH 58.4 billion.

The financial performance of banks has deteriorated due to the COVID-19 crisis, although less significantly than expected in the spring of 2020. The number of insolvent banks did not increase. In 2020, 65 of 73 solvent banks were profitable, showing a net profit of UAH 47.7 billion, which exceeded the losses of the remaining 8 banks by UAH 6.4 billion.

“Banks are going through the coronavirus crisis confidently and with a significant margin of safety. Despite the general decline in business activity and the lack of funding, Ukraine's banking sector remains highly profitable. Based on 2020 results, the banks’ operating margin was high, while no excessive credit losses were incurred. We expect that the risks of decline in the banks’ profitability will remain in the medium term. They can be partially compensated by increasing the operating margin. Profitability may also be impacted by allocations to provisions. Thus, although the banks’ profitability will weaken to a certain extent, it will remain at a sufficient level to to maintain interest from investors,” said Kyrylo Shevchenko, Chairman of the NBU.

In general, the deterioration of the financial performance mainly occurred as a result of provisioning for expected losses. A number of banks recognised deterioration of their assets’ quality due to financial difficulties experienced by their customers. As a result, the respective loan provisions in 2020 increased by 91% to UAH 20.8 bn compared to UAH 10.9 bn in 2019.

The general decline in business activity during the quarantine and the drop in demand for loans and banking services had a negative impact on banks' interest and commission income, especially in the second quarter. However, after a short-term 1.5% drop in the second half of the year, net commission income recovered and increased by 5.8% y.o.y., mainly due to the increase in non-cash transactions. Net interest income was more stable, growing throughout the year with a slow-down in 2Q 2020 and significant acceleration in 4Q 2020. During 2020, net interest income increased by 7% against 8% y.o.y in 2019.

Note 3. Basis of preparation

These financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) on the historical cost basis, except for measurements of certain financial instruments at fair value.

The financial statements are presented in Ukrainian hryvnia (UAH), and all values are rounded to the nearest thousand (UAH ‘000), unless otherwise stated.

Statement of compliance

The Bank's financial statements are prepared in accordance with IFRS as issued by the International Accounting Standards Board (IASB).

Basis of presentation

Items of the statement of financial position are generally presented in accordance with their liquidity. The analysis of the recoverability or settlement of assets and liabilities with a breakdown of those being settled or recovered within 12 months after the date of the statement of financial position (current/short-term) and more than 12 months after the date of the statement of financial position (non-current/long-

term) is presented in Note 25.

Financial assets and liabilities are offset, and the net amount is recognised in the statement of financial position when, and only when, the entity has a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. Income and expenses are offset only to an extent that the offset is required or permitted by the respective financial reporting standard or interpretation as specified in the Bank's accounting policy.

The accounting policies below do not include new standards, amendments to standards, and interpretations that are optional in 2020.

Note 4. Significant accounting policies

The Bank's accounting policies are formed in accordance with the applicable law of Ukraine, regulations of the National Bank of Ukraine and are based on International Financial Reporting Standards.

The underlying principles of the Bank's accounting policy include fair presentation, substance over form, standalone basis, prudence, going concern, accrual and matching of income and expenses, consistency, and historical cost basis.

Measurement methods and principles applied to specific assets and liabilities are set out below.

The procedure of accounting for operations performed by the Bank is governed by separate internal documents that constitute a part of the Bank's Accounting Policies.

Note 4.1. Basis of measurement

Financial instruments are measured at fair value or amortised cost depending on their classification. The measurement methods are described below.

Measurement at fair value

Fair value (FV) is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between participants of the principal market or the most advantageous market at the measurement date. The Bank determines the fair value of financial instruments on the basis of prices obtained directly from external data or using valuation techniques. A financial instrument is considered to be quoted in an active market, if quoted prices are readily and regularly available from a stock exchange or other organisation, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

Where the market for a financial instrument is not active, the Bank uses the data on the latest transactions between unrelated parties to determine the current fair value. The amounts received as a result of forced write-offs do not represent fair values.

Valuation techniques such as discounted cash flow models or models based on recent arm's length transactions or analysis of financial data about the investees are used to measure the fair value of certain financial instruments for which external market pricing information is not available. Applying these valuation techniques may require assumptions that are not supported with market data. These financial statements contain disclosures on events when substitution of any such assumption by a feasible alternative may result in significant changes in the reported profits, revenues and total assets or liabilities.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial instrument. An incremental cost is one that would not have been incurred if the transaction

had not taken place. Transaction costs include fees and commissions paid to agents (including employees acting as selling agents), advisers, brokers and dealers, levies by regulatory agencies and security exchanges, and transfer taxes and duties. Transaction costs do not include debt premiums or discounts, financing costs or internal administrative or holding costs.

Measurement at amortised cost

Amortised cost (AC) is the amount at which the financial instrument was recognised at initial recognition less any principal repayments, plus accrued interest, and for financial assets less any write-down for incurred impairment losses. Accrued interest includes amortisation of transaction costs deferred at initial recognition and of any premium or discount to the maturity amount using the effective interest method. Accrued interest income and accrued interest expense, including both accrued coupon and amortised discount or premium (including fees deferred at origination, if any), are not presented separately and are included in the carrying values of the related items in the statement of financial position.

The effective interest method is a method of allocating interest income or interest expense over the relevant period, so as to achieve a constant periodic rate of interest (effective interest rate) on the carrying amount.

Effective interest rate is the rate that exactly discounts estimated future cash payments or receipts (excluding future credit losses) through the expected life of the financial instrument or a shorter period, if appropriate, to the net carrying amount of the financial instrument. The effective interest rate discounts cash flows of variable interest instruments to the next interest repricing date, except for the premium or discount which reflects the credit spread over the floating rate specified in the instrument, or other variables that are not reset to market rates. Such premiums or discounts are amortised over the whole expected life of the instrument. The present value calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate.

Note 4.2. Initial recognition of financial instruments

Financial instruments carried at fair value through profit or loss (FVTPL) on initial recognition are measured by the Bank at their fair value less transaction costs. The Bank accounts for transaction costs incurred for acquiring such financial instruments on expense accounts at the transaction date.

All other financial instruments at initial recognition are measured by the Bank at fair value plus transaction costs.

All financial liabilities, except for those designated as at FVTPL and those arising when the transfer of a financial asset carried at fair value does not qualify for derecognition, are measured at AC using the effective interest method. Premiums and discounts, including original transaction costs, are included in the carrying amount of the related instrument and amortised based on the effective interest rate of the instrument.

Note 4.3 Classification of financial assets

A financial asset is classified at amortised cost if it is not classified as designated at fair value through profit or loss and only if it meets both of the following conditions:

- it is held within the Hold to Collect business model, where financial assets are held to obtain contractual cash flows, and

- its contractual terms give rise on specified dates to contractual cash flows that are solely payments of principal and interest on principal amount outstanding (SPPI).

A financial asset is measured at FVOCI only if it meets both of the following conditions and is not designated at the Bank's discretion as at FVTPL:

- it is held within the Hold to Collect and Sell, where financial assets are held for the purpose of obtaining contractual cash flows or for sale of financial assets, and

- its contractual terms give rise on specified dates to contractual cash flows that are solely payments of principal and interest on principal amount outstanding.

All financial assets not qualifying for measurement at AC or FVOCI as described above, are measured at FVTPL In addition, the Bank may, at initial recognition, irrevocably designate a financial asset that would otherwise qualify for recognition at AC or FVOCI as measured at FVTPL, if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Business model assessment

The Bank assesses the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The following information is considered:

- the stated policies and objectives for the portfolio of financial assets and the operation of these policies in practice, including whether management’s strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the maturities of the financial assets to the maturities of any related liabilities that are funding those assets, or realising cash flows through the sale of the assets;

- how the portfolio performance is evaluated and how this information is communicated to the Bank's management;

- risks that affect the performance of a business model (and financial assets held within this business model) and how these risks are managed; and

- the frequency, volume and timing of sales in prior periods, the reasons for such sales, and expectations about the future sales. However, information on sales levels is not considered in isolation, but as part of a holistic analysis of how the Bank achieves its objective of financial assets management and how cash flows are generated.

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

Recognised financial assets are reclassified only if the Bank makes changes to the business model for its operations.

Assessment of whether the contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, ‘principal’ is defined as the fair value of the financial asset on initial recognition. ‘Interest’ is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely repayment of principal and interest on principal

amount outstanding ("SPPI" criterion), the Bank will analyse the contractual terms of the financial instrument. This will include an assessment of whether the financial asset contains any contractual term that may change the timing or amount of contractual cash flows in a way that the financial asset does not meet the requirement analysed.

Note 4.4 Impairment

IFRS 9 requires the Bank to apply significant judgements over how changes in economic factors affect expected credit losses (ECLs), which will be determined on a probability-weighted basis.

The new impairment model is applied to the following financial instruments that are not at FVTPL:

- financial assets that are debt instruments;
- receivables under lease contracts;
- loan commitments and financial guarantee obligations (impairment was previously measured under IAS 37 Provisions, Contingent Liabilities and Contingent Assets).

The Bank recognises the ECL allowances at an amount equal to 12-month expected credit losses or lifetime ECLs.

The Bank assesses the quality of financial assets as follows:

- if the credit risk has not significantly increased since its initial recognition, then credit loss allowance is equal to 12 months expected credit losses (12-month ECLs);
- in case of significant increase in credit risk since its initial recognition, the Bank recognises credit loss allowance at the amount equal to lifetime expected credit losses (lifetime ECLs);

Assessment of expected credit losses

Expected credit loss is a probability-weighted estimate of credit losses that is measured by the Bank as follows:

- for financial assets that are not credit-impaired at the reporting date: the present value of all estimated cash shortfalls – i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Bank expects to receive;
- for financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows;
- for undrawn loan commitments: the present value of the difference between the contractual cash flows that are due to the Bank if the commitment is drawn down and the cash flows that the Bank expects to receive; and
- for financial guarantee contracts: the present value of the expected payments to reimburse the holder less any amounts that the Bank expects to recover.

Significant increase of credit risk and default definition

In determining whether there is a significant increase in credit risk (i.e. risk of default) of a financial instrument since its initial recognition, the Bank considers valid and verifiable information that is relevant

and accessible without excessive cost or effort, including both quantitative and qualitative information, as well as an analysis based on the Bank's historical experience, an expert assessment of loan quality and forward-looking information.

For identifying whether there is a significant increase in credit risk or a default event, the Bank uses the internal methodology.

For calculating an allowance, the Bank allocates financial assets by individually significant and not individually significant.

For impaired and individually significant assets, the Bank determines the impairment on an individual basis. For impaired and individually insignificant and non-impaired financial assets, the Bank determines the impairment on a collective basis.

Financial assets are written off against related provisions when there is no reasonable expectation of recovery according to the Bank's management.

Note 4.5. Derecognition and contract modification

A financial asset (or a part of a financial asset or a part of the group of similar financial assets) is derecognised if:

the right to obtain cash flows from a financial asset has expired;

the Bank has transferred its rights to receive contractual cash flows from that asset, or if it has retained the right to receive cash flows of the asset, but has assumed a contractual obligation to pay them in full without material delay to a third party under a pass-through arrangement;

– the Bank has transferred substantially all risks and rewards associated with an asset, or has not transferred or retained substantially all risks or rewards associated with an asset, but transferred the control over this asset.

When the Bank has transferred its rights to receive cash flows from an asset, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Bank's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of original carrying amount of the asset or the maximum amount of consideration that the Bank could be required to repay.

Transfer of financial assets leads to their derecognition if the Bank has transferred substantially all risks and rewards of the asset and transfers control of the asset.

Financial liabilities are derecognised when the respective obligations are discharged, cancelled or expired.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or where the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the statement of profit and loss and other comprehensive income.

When accounting for contractual changes or modifications of a financial asset that result in a renegotiation of cash flows of the asset, the Bank:

derecognises the original financial asset and recognises a new financial asset; or

continues to recognise the original financial asset on new terms.

When the contract on a financial asset is renegotiated or otherwise modified and the renegotiation or modification does not result in the derecognition of that financial asset, the Bank is to recalculate the gross carrying amount of the financial asset and recognise a modification gain or loss.

The Bank recalculates the gross carrying amount as the present value of the renegotiated or modified contractual cash flows that are discounted at the financial asset's original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired (POCI) financial assets).

Transaction costs are included in the carrying amount of the modified financial asset and amortised over its lifetime.

The difference between the gross carrying amount under original terms and the gross carrying amount under renegotiated or modified terms is recognised by the Bank as modification gain or loss.

Note 4.6. Cash and cash equivalents

Cash and cash equivalents include cash on hand; balances on the Bank's correspondent accounts in the National Bank of Ukraine that are not mandatory reserves; balances on correspondent bank accounts and cash in banks that are readily convertible to known amounts of cash at short notice and non-restricted cash balances that are subject to an insignificant risk of changes in value.

Balances restricted for use are eliminated from cash and cash equivalents. Cash and cash equivalents are carried at amortised cost.

Note 4.7. Mandatory reserves on accounts with the National Bank of Ukraine

The NBU cancelled the requirement to maintain mandatory reserves on a separate account that were restricted for use.

Note 4.8. Investment securities

Financial assets designated at fair value through profit or loss comprise debt securities, shares and other financial investments held for trading, as well as those designated at fair value through profit or loss upon initial recognition.

Balances on financial assets measured at FVTPL are presented in the ***Statement of Financial Position (Balance Sheet).*** Gains less losses from trading financial assets measured at FVTPL are presented in the ***Statement of Profit or Loss and Other Comprehensive Income (Income Statement)*** and in the ***Statement of Cash Flows (direct method)***.

Note 4.9. Loans and advances to banks

Loans and other amounts due from banks are recognised as financial assets under the caption Loans and receivables and initially measured at fair value (first day profit/loss) plus respective transaction costs.

Subsequently to the initial recognition, amounts due from banks are measured at amortised cost using the effective interest method. Loans and receivables without fixed maturities are measured at amortised cost based on their expected maturities.

Impairment of loans and amounts due from banks are recorded through special provisions. The carrying value of the asset is reduced by the amount of the provision for impairment. The impairment loss is recognised as expense in the statement of comprehensive income.

Interest income on loans granted to banks and deposits placed was recognised on interest income accounts using the effective interest method.

Note 4.10. Loans and advances to customers

Subsequently to the initial recognition, loans are measured at AC at the balance sheet date using the effective interest rate over the amortisation of the discount (premium) and interest accrual at least once in a month, or at FVTPL. The Bank's fees and commissions are treated as discount/interest income to the extent that such fees and commissions are paid by the customer and are related to the issue of the loan.

The Bank recognises interest income using the effective interest rate. In case of financial instruments for which future cash flows cannot be reliably measured (e.g. overdrafts, revolving credit facilities) and to which the effective interest rate cannot be applied, the Bank recognises interest income applying nominal interest rate.

In the financial statements for 2020, the results from transactions on loan debt of the Bank's customers are stated in the ***Statement of Profit or Loss and Other Comprehensive Income (Income Statement)*** and the ***Statement of Cash Flows*** (direct method) as a net (increase)/decrease in loans and advances to customers.

Loans issued to customers are stated in the ***Statement of Financial Position (Balance Sheet)*** as the carrying amount less special provisions for credit risk (Note 8).

Note 4.11. Reverse purchase/repurchase contracts

Securities sold under sale and repurchase (repo) contracts are accounted for as secured financing transactions, with the securities retained in the statement of financial position and the counterparty liability included in amounts payable under repo transactions.

Securities purchased under reverse repo contracts are treated as accounts receivable on reverse repo transactions. The difference between the purchase and repurchase price is the interest income and is recognised in profit or loss over the term of the repo contract. Accounts receivable under reverse repo contracts is recognised net of provision for impairment losses. Where assets acquired under the repo contract are sold to a third party, the obligation to repurchase securities is recognised as trade payables and is measured at fair value.

In repo transactions, the Bank as a buyer receives consideration in the form of interest or the difference from reverse repurchase of securities at the price above the discounted purchase, and, therefore, different accounting treatment is applied to interest income in repo transactions depending on the form of consideration.

The Bank’s expenses incurred in reverse repo transactions are amortised over the entire term of the agreement.

Under repo contracts with infinite term, the latter is determined on a forward- looking basis depending on the expected maturity.

Note 4.12. Investment property

Property (land or a building—or part of a building—or both) held by the Bank or by the lessee under a finance lease to earn rentals or for capital appreciation or both is classified as investment property.

If the Bank gains the title for land plots and buildings by realising its pledge holder rights where future use is undetermined, such assets are also classified as investment property.

Upon initial recognition, investment property is measured and recognised at cost that includes its purchasing price and all costs directly attributable to the purchase.

During the reporting year, the Bank changed the treatment of investment property from historical cost basis to fair value basis.

In accordance with the historical cost principle, all assets other than land plots were depreciated on a straight-line basis at a depreciation rate of 4% and with a useful life of 25 years. When owning the investment property, depreciation was charged on buildings and not on land plots.

According to the accounting policies, the cost approach was selected during the reporting year for further accounting. Under such approach, the fair value of the Bank's investment property was determined based on reports of the independent appraiser. The carrying amount of the investment property at the reporting date is in line with its fair value.

Investment property other than land is depreciated on a straight-line basis. Useful life of the investment property was 25 years in 2020. The Bank recognises depreciation charges on investment property in the Statement of Profit or Loss and Other Comprehensive Income (Income Statement).

Costs of the day-to-day servicing, repairs and maintenance of an investment property item are recognised under the heading ***“Administrative and other operating expenses” in the Statement of Profit or Loss and Other Comprehensive Income (Income Statement)*** in the period in which they are incurred.

Operating lease income from investment property is disclosed in ***line 1 Table 9.3 Note 9***.

Information about investment property is presented in the ***Statement of Financial Position (Balance Sheet)*** under the caption “Investment property” and in ***Note 9***.

Note 4.13 Property, equipment and intangible assets

Property, equipment and intangible assets are carried at historical cost less any accumulated depreciation and amortisation and accumulated impairment losses.

Historical cost of property and equipment includes its cost plus all related costs of its acquisition, delivery, installation and commissioning.

All of the Bank’s intangible assets have finite useful lives and primarily include computer software and

software licences.

The carrying amounts of property, equipment and intangible assets are depreciated/amortised over their expected useful lives for the purpose of their gradual retirement. Depreciation/amortisation is charged on a straight-line basis.

In 2020, the useful lives of property equipment and intangible assets were not revised. The useful life of intangible assets is determined in accordance with internal regulations of the Bank.

An item of property equipment and intangible assets is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

The Bank assesses at the end of each reporting period whether there is any indication that an asset may be impaired. Where the carrying amount of the asset exceeds the recoverable amount, the carrying amount is written down to its recoverable amount.

The Bank recognises depreciation charges on property, plant and equipment under the caption ***"Depreciation and amortisation expenses"*** in the ***Statement of Profit or Loss and Other Comprehensive Income (Income Statement)***.

Gain or loss arising from disposal of property and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the asset) are recognised in other operating income or under the caption ***"Administrative and other operating expenses"*** in the ***Statement of Profit or Loss and Other Comprehensive Income (Income Statement)***.

Expenses incurred to maintain property and equipment are recognised under the caption ***"Administrative and other operating expenses"*** in the ***Statement of Profit or Loss and Other Comprehensive Income (Income Statement)*** in the period in which they were incurred.

The Bank did not revaluate the historical cost of property and equipment during the reporting year.

Residual value of property and equipment is 0.

Information about the property and equipment is presented in the ***Statement of Financial Position (Balance Sheet)*** under the caption ***"Property, equipment and intangible assets"***, in Note 10 and in the ***Statement of Cash Flows (direct method)***.

Note 4.14 Operating leases in which the Bank is the lessor and/or lessee

During the current year, the Bank applied IFRS 16 Leases that is effective for annual periods beginning on or after 1 January 2020. IFRS 16 introduced new or amended lease accounting requirements. The standard introduced significant changes to lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement of all leases, other than short-term leases and leases of low-value assets. Unlike the lessee accounting, the lessor accounting requirements have remained largely unchanged.

The date of first adoption of IFRS 16 for the Bank is 1 January 2019.

The Bank applied IFRS 16 retrospectively and the cumulative effect of initially applying IFRS 16 is recognised at the date of first adoption. Accordingly, comparative figures were not restated.

Upon the first adoption of IFRS 16 for all leases (except for those specified below), the Bank:

 recognised the right-of-use assets and lease liabilities initially measured at the present value of future lease payments in the separate statement of financial position;

 recognised the depreciation of right-of-use assets and interest on lease liabilities in the statement of profit or loss;

 presented expenses in operating expenses as part of profit or loss.

The Bank applied a single discount rate for the portfolio of leases with similar characteristics.

Effect on lessor accounting

IFRS 16 does not significantly changes the lessor accounting. Under IFRS 16, the lessor continues to classify leases as finance or operating lease and account for these two types of lease differently.

However, IFRS 16 changed and expanded the disclosure requirements, especially in terms of the lessor's risk management for the rights it retains in underlying assets.

Operating lease expenses are stated in ***line 2 Table 29.3 Note 29 Administrative and other operating expenses***.

In 2020, the Bank leased out its premises and land.

Lease payments under operating leases in which the Bank is a lessor are recognised as income on a straight-line basis over the term of the lease.

Lease income is stated in ***line 2 Note 28 Other operating income***.

Note 4.15. Foreclosed non-current assets held for sale, disposal groups and other non-current assets

The Bank classifies non-current assets and disposal groups as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use when the conditions below are met: the asset is available for immediate sale in its present condition and its sale is highly probable during the year from the date of classification.

Prior to assets' initial classification as held for sale, the Bank measures the carrying amount and recognises it at the lower of the carrying amount and fair value less costs to sell.

Information about non-current assets held for sale and disposal groups is presented in the ***Statement of Financial Position (Balance Sheet)***.

Non-current assets of which the Bank acquired ownership by realising its pledge holder rights and held for future sale that do not qualify for recognition either as non-current assets held for sale, or as non-current assets intended for use in day-to-day operations or investment property, are recognised as current assets (inventories). Such assets are measured at the lower of cost and net realisable value.

Thus, in 2020 the Bank decided to reclassify its non-current assets held for sale. As a result of the decision, part of the non-current assets classified as held for sale, the ownership of which was acquired under the contract of exchange, was transferred to investment property, while the remaining part of the

foreclosed property was transferred to current assets (inventories) acquired as a result of foreclosure of collateral.

Note 4.16. Derivative financial instruments

In the normal course of business, the Bank enters into various derivative financial instruments, including forwards and swaps, for managing the currency risk and liquidity risk, as well as for trading purposes. Financial derivatives used by the Bank are not intended for hedging and do not qualify for hedge accounting. Derivatives are initially recognised at fair value at the date on which a derivative contract is entered into and are subsequently remeasured to fair value at each reporting date. All derivative instruments are carried as assets when fair value is positive and as liabilities when fair value is negative.

Derivative instruments are included to other assets or other liabilities in the separate statement of financial position. Gains or losses arising from these instruments are included in other income in the separate statement of profit or loss and other comprehensive income.

Note 4.17. Financial liabilities

Financial liabilities are classified either as financial liabilities at FVTPL or other financial liabilities.

Other financial liabilities Other financial liabilities, including deposits and borrowings, are initially recognised at fair value less transaction costs. Other financial liabilities are subsequently carried at amortised cost using the effective interest method.

Effective interest rate is used to calculate the amortised cost of a financial liability and allocate interest expenses over the relevant period. For more information about the effective interest rate, refer to the “Net interest income” section above.

Derecognition of financial liabilities. The Bank derecognises financial liabilities when, and only when, its obligations are discharged or cancelled or expired.

The difference between the carrying amount of the financial liability derecognised and the consideration paid or payable is recognised in profit or loss.

Financial guarantee contracts. A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by the Bank are initially measured at fair value and are subsequently carried at the higher of:

 the amount of loss allowance determined under IFRS 9; and

 the amount initially recognised less, when appropriate, any cumulative amount of income

recognised in line with the Bank’s revenue recognition policy.

Financial guarantees are presented as reserves in the separate statement of financial position and their measurement is presented in other comprehensive income.

Note 4.18. Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include:

- foreign currency purchase and sale and conversion transactions (TOM and SPOT);
- standard acquisitions of financial investments (securities transferred within 10 business days) if the transaction date and settlement date are different.

Similarly to financial assets, financial liabilities are initially recognised at fair value, plus transaction costs directly attributable to their acquisition or issue. Transaction costs include payments to third parties that help conducting a transaction, but are neither buyers, nor sellers in the transaction.

When there is an active market, the fair value of a liability is its market price. If there is no active market, the financial liability is recognised at cost less impairment losses.

Financial liabilities are written off the balance sheet accounts at the date when a liability is discharged, settled or cancelled (incl. after the expiry date).

Note 4.19. Debt securities issued by the Bank

Own debt securities include savings (deposit) certificates issued by the Bank. Debt securities issued by the Bank are carried on accounts of Section 33 “Own debt securities and derivative financial liabilities”. The Bank issues registered savings (deposit) certificates.

Income on savings certificates is paid on demand.

For detailed information, see the note ***“Debt securities issued by the Bank”***.

Note 4.21. Provisions for liabilities

Provisions for financial commitments are created to secure their fulfilment in the future, which is recognised as a liability in the Bank’s balance sheet indicating the possible outflow of economic benefits associated with the fulfilment of such financial liabilities by the Bank.

Credit-related commitments include: loan commitments, letters of credit, financial guarantees and bill avalisation.

Financial commitments are initially recognised at fair value, which is normally the amount fees received (for guarantees). The commissions are amortised on a straight-line basis over the life of the commitment. At each reporting date, the financial guarantees are measured at the higher of the expenditure required to settle the commitment at the reporting date, and initially recognised balance less accumulated amortisation.

Factors taken into account when creating provisions for liabilities include: loss rate on lending transactions, credit conversion factor and the amount of consideration received gross of amortisation (for guarantees).

If the amount of provision increases in subsequent periods after the provision for granted financial liabilities is created, the Bank makes adjustments to the previously created provision for such liabilities.

Where it is required to fulfil the financial liability assumed, the Bank uses the respective provision created for that financial liability.

Provisions for contingent liabilities are estimated according to IAS 37 Provisions, Contingent Liabilities and Contingent Assets (hereinafter: IAS 37) which requires use of management estimates and judgements. Contingent liabilities are not recognised in the statement of financial position, but disclosed in the notes to financial statements, except for the instances when the outflow of resources is remote. Contingent assets are not recognised in the statement of financial position, but disclosed in the notes to financial statements if an inflow of economic benefits is probable.

For detailed information, see the Note "Provisions for liabilities" to the Statement of Financial Position (Balance Sheet) and the Note "Fee and commission income and expenses" to the Statement of Profit or Loss and Other Comprehensive Income (Income Statement).

Note 4.22. Subordinated debt.

Subordinated debt comprises ordinary unsecured equity instruments that, under the contract, cannot be redeemed earlier than in five years, and rank after all other debts to creditors or investors should the issuer fall into liquidation or bankruptcy. However, when included in the capital, such amounts cannot exceed 50% of the core capital with an annual decrease by 20% of its original value over the last 5 years of the contract term.

Subordinated debt is initially recognised at fair value, which equals to the amount of proceeds less transaction costs. In subsequent periods, the amount of liabilities is carried at amortised cost using the effective interest method.

Interest expenses from subordinated debt are recognised on a monthly basis using the effective interest rate by increasing the expenses. The advance payment of the interest on amounts borrowed through subordinated debt is not allowed. The capitalisation of interest on subordinated debt is not allowed.

Note 4.23. Income tax

Taxation.

Income tax expense comprises current and deferred tax expense.

Current income tax.

Current income tax expenses are based on taxable profit for the year. Taxable profit differs from the financial profit before tax recognised in the separate statement of profit or loss and other comprehensive income, since it does not include items of income and expenses that are taxable or attributable to expenses in other periods and excludes items that are never taxable or attributable to expenses for taxation purposes. Current tax expenses of the Bank are calculated using the tax rate ruling during the reporting period.

Deferred income tax.

Deferred income tax is a tax that is expected to be paid or recovered for differences between the carrying amounts of assets and liabilities in the separate financial statements and appropriate tax base used in determining taxable profit, and is recognised using the balance sheet liability method.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised. These assets are not recognised if the temporary differences arise from the initial recognition of other assets and liabilities in a transaction that affects neither taxable profit or accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Deferred tax is recognised in the separate statement of profit or loss and other comprehensive income, unless it relates to items that are directly attributable to equity items, in which case the deferred tax is also recognised in equity.

In Ukraine, there are other taxes that apply to the Bank's business. These taxes are included as a component of operating expenses in the separate statement of profit or loss and other comprehensive income.

Information about the Bank's income tax liabilities is presented in the ***Statement of Financial Position (Balance Sheet)*** and in Note 30 to the ***Statement of Profit or Loss and Other Comprehensive Income (Income Statement)***.

Note 4.24. Share capital and share premium

Share capital contributions are recognised at cost. Share premium represents the excess of contributions received over the nominal value of shares issued. Gains and losses from the sale of own shares are included in share premium.

Dividends on ordinary shares are recognised in equity as a decrease in equity in the period in which dividends are declared.

Note 4.25. Reserves and other funds

The Bank's reserve fund is formed to cover contingent losses from banking operations. Amounts allocated to the reserve fund according to the Law of Ukraine "On Banks and Banking Activity" should be at least 5% of the Bank's net profit, but not more than 25% of the Bank's regulatory capital.

The reserve fund can be used only to cover the Bank's losses for the reporting year upon decision of the Supervisory Board in accordance with a procedure approved by the General Meeting of the Shareholders.

Note 4.26. Recognition of income and expenses

Income and expenses are recognised in accordance with the key principles of international financial reporting standards, namely: accrual, matching, prudence.

Income and expenses are accounted for on an accrual basis that requires all income and expenses to be recognised in the period in which they were incurred.

Interest income and expenses are recognised in the reporting period in which they were incurred and are calculated on an accrual basis using the effective interest method.

Note 4.27. Foreign currency translation

Transactions with foreign currencies and precious bank metals are initially recognised in the reporting currency by translating the foreign currency amount at the official exchange rate of UAH to foreign currencies ruling at the transaction date (i.e. the date on which assets, liabilities, equity, income and expenses are recognised).

Assets and liabilities denominated in foreign currencies and bank metals are stated in the Ukrainian hryvnia equivalent at the official exchange rate as at the reporting date or recognition date.

The Bank's monetary assets and liabilities are presented in the ***Statement of Financial Position (Balance Sheet)*** at the NBU's official Ukrainian hryvnia exchange rate to foreign currencies and bank metals as at the end of the period as follows:

	31 December 2020	**31 December 2019**
USD	28.2746	23.686200
EUR	34.7396	26.422000
RUR	0.37823	0.38160
GBP	38.4393	31.020600
CHF	32.0156	24.271100
XAU	53200.9200	35802.1700
PLN	7.6348	6.194300

The results of translation of assets and liabilities denominated in foreign currencies and bank metals are disclosed in the ***Statement of Profit or Loss and Other Comprehensive Income (Income Statement)*** and in the ***Statement of Cash Flows (direct method)***.

Note 4.28. Offsetting assets and liabilities.

Financial assets and liabilities are offset and the net amount reported in the statement of financial position only to the extent there is a legally enforceable right to offset and there is an intention to realise the asset and settle the liability simultaneously.

During the reporting year 2020 and the previous 2019, the Bank did not offset financial assets and liabilities.

Note 4.29. Inflation accounting

Ukraine was considered a hyperinflationary economy during the period ended 31 December 2000. As

the Bank was founded and operated after that date, the provisions of IAS 29 Financial Reporting in Hyperinflationary Economies were not applied in the preparation of this report.

Note 4.30. Employee benefits and related charges

Wages, salaries, contributions to the state social insurance fund, paid annual leave and sick leave, bonuses, and non-monetary benefits are accrued in the year in which the associated services were rendered by the employees. According to the Ukrainian legislation, the Bank makes contributions to the following state social insurance funds: pension fund, social insurance against temporary disability, mandatory state social insurance against unemployment and casualty insurance.

Contributions made to the state social funds are expensed as incurred. Employee benefits expenses include cost of charging a provision for vacation and bonuses. The Bank has no other post- employment benefit obligations or other significant benefits that would require accrual.

Expenses associated with employee benefits and related charges are recognised under the caption "Employee benefits expense" in the ***Statement of Profit or Loss and Other Comprehensive Income (Income Statement)***.

Note 4.31. Operating segments

The Bank identifies the following operating segments:

- retail banking represented by individuals' current accounts, deposits and loans; and

- corporate banking represented by direct corporate loans, current accounts, deposits, loan facilities and other credit products, dealing in foreign currencies and derivative products, as well as transactions with SMEs.

In addition, investment banking is another distinguished segment.

Note 4.32. Related party transactions.

Parties are generally considered to be related if the parties are under common control or one party has the ability to control the other party or can exercise significant influence over the other party in making financial or operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

Note 4.33. Changes in accounting policies and estimates, corrections of significant errors and their presentation in the financial statements

Due to non-compliance with the criteria for recognition of non-current assets held for sale, in 2020 the Bank reclassified such assets as follows: part of the property, the ownership of which was acquired under the contract of exchange, was transferred to investment property, while a part of the foreclosed property was reclassified into current assets (inventories) acquired as a result of foreclosure of collateral.

FS	Item	Note	Before changes	After changes
Statement of financial position	Non-current assets held for sale	14	15,011	-
Statement of financial position	Investment property	9	-	5,828
Statement of financial position	Current assets acquired as a result of foreclosure of collateral	14	-	9,183
Total in the Statement of Financial Position			15,011	15,011

In 2020, the Bank changed the treatment of investment property from historical cost basis to fair value basis. In accordance with the historical cost principle, all assets other than land plots were depreciated on a straight-line basis at a depreciation rate of 4% and with a useful life of 25 years. When owning the investment property, depreciation was charged on buildings and not on land plots.

According to the accounting policies, the cost approach was selected during the reporting year for further accounting. Under such approach, the fair value of the Bank's investment property was determined based on reports of the independent appraiser. The carrying amount of the investment property at the reporting date is in line with its fair value.

As a result of the change of the accounting treatment, the carrying amount of investment property was revalued and reallocated by FS items.

The effect of the change of the accounting treatment (at the transition date) is presented in the table below:

Item	Before model change	Change impact	After model change
historical cost	173,383		173,383
impairment	(72,536)	72,536	-
Depreciation	(6,682)	6,682	-
Revaluation		(60,179)	(60,179)
Total	94,165		113,204

At the end of 2020, management of the Bank decided to start using the investment property for use in the day-to-day operations of the Bank, for which an asset was transferred from investment property to property and equipment (buildings). When transferring the above non-current asset, it was decided not to change the accounting treatment of buildings and to continue carrying them in accordance with the cost model, and not to change the useful life of the asset determined when posting it on the Bank's balance sheet as investment property.

FS	Item	Note	Impact of change of intended use
Statement of financial position	Non-current assets held for sale	14	51,031
Statement of financial position	Property, equipment and intangible assets	10	-51,031

Note 4.34. Significant accounting estimates and judgements and their effect on recognition of assets and liabilities.

The Bank uses estimates and assumptions that affect the amounts recognised in the financial statements and carrying amounts of assets and liabilities reported in the next financial year. Estimates and underlying assumptions are regularly reviewed based on management's historical experience and various other factors, including expectations of future events, which are believed to be reasonable under the circumstances. Along with assumptions underlying the accounting estimates, management of the Bank uses professional judgements that affect the application of the Bank's accounting policies. Professional judgements that have the most significant effect on the amounts disclosed in the financial statements and estimates that may result in significant adjustments to the carrying amount of assets and liabilities during the next financial year include:

Impairment losses on loans and advances. Overdue debt on all loans to corporate, bank and retail customers is analysed monthly to determine the amount of impairment losses that are recognised by establishing impairment provisions. In addition, each category of loans is collectively assessed for impairment considering losses incurred in the past. This assessment considers the results of modelling the losses to maturity by the portfolios of loans that are past due, but were not individually assessed as impaired.

The Bank uses assumptions as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of loans before the decrease can be identified with an individual asset in that portfolio. Such indications may include observable data indicating adverse changes in the payment status of borrowers that are part of the group.

Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when scheduling its future cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

Reviewing financial assets for impairment involves creating provisions for the full amount of the net credit risk weighted for the corresponding provisioning rate for all types of lending transactions rather than only reviewing a financial asset or a group of financial assets for objective evidence of impairment.

Recognition of deferred income tax asset. The deferred tax assets recognised on the balance sheet is substantially the amount of tax losses incurred that can be recovered by future deductions from the taxable profit. Deferred income tax assets are recorded to the extent that realisation of the related tax credit is probable in accordance with the applicable law at the end of the reporting period. The future taxable profits and the amount of tax benefits that are probable in the future are based on the medium-term business plan prepared by management and extrapolated results thereafter. The business plan is based on management's expectations that are considered reasonable under the circumstances. Management expects a moderate increase in the Bank's corporate loan portfolio and credit quality improvement, further development of the personal financing, improvement of the range of banking products and services, which will result in the increase of the fee and commission income,

implementation of effective expense control programmes, improved performance of its branches and further headcount optimisation. It should be noted that as at 31 December 2020, the tax law of Ukraine does not limit the period of use of tax losses carried forward. Significant changes to the assumptions above about recognising a deferred tax asset can potentially result in the derecognition of a deferred income tax asset.

Going concern. Management of the Bank prepared these financial statements on a going concern basis. In making this professional judgement, management has taken into account the relative stability of the deposit market and its sensitivity to interest rates, which will allow the Bank to manage its financing needs through pricing. In addition, management has considered the following internal circumstances: the increasing volumes of customer lending, the increasing share of UAH deposits in the retail portfolio, timely repayment of all liabilities, further increase in the volume of retail lending. The Bank will continue to receive advisory support from external auditors and other experts as necessary.

Under the **historical cost basis**, the Bank's assets are carried in the amount of actual consideration given at the date of acquisition, while the liabilities are recorded at the amount of mobilised cash/deposits in exchange for the obligation. The Bank carries property, equipment and intangible assets and financial instruments (accounts receivable, securities and investments in associates and subsidiaries) at cost.

Market value is the amount that may be received from sale of an asset in an active market. When assets and liabilities are accounted for at their market value, assets are recognised in the amount of consideration that would be given to acquire the same assets at the current moment. Liabilities are recognised at the amount they are recognised at the amount required to make the current payment. The assets' carrying values are brought in line with their market value through revaluation.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Assets received for free and assets received as a result of exchanging for a dissimilar asset are carried at fair value.

Carrying value is the amount at which an asset is carried on a balance sheet less any accumulated depreciation or amortisation and accumulated impairment losses.

Effects of political situation

Political and economic instability in Ukraine in the recent year resulted in significant devaluation of Ukrainian hryvnia against principal foreign currencies.

Because of the current situation, despite stabilisation measures that may be taken by the Ukrainian parliament, the government and the National Bank of Ukraine as at the date when these financial statements are approved for issue, Ukraine's economic environment appears to be affected by instability factors.

Economic instability may persist in the nearest future, and there is a possibility that the market value of the Bank's assets is lower than their carrying value, which may have a significant impact on the Bank's profitability.

Note 5. New and amended standards not yet adopted

On 16 June 2020, Ministry of Finance published revised International Financial Reporting Standards as follows:

- IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;

- IAS 23 Borrowing Costs;

- IAS 40 Investment Property;

- IFRIC 16 Hedges of a Net Investment in a Foreign Operation.

Thus, the Ministry of Finance put into effect the official Ukrainian translation of those documents taking into account the improvements currently in effect.

The amendments concerned 'business' and 'material' concepts, which is likely to impact business acquisitions accounting and efficiency of management decisions.

IFRS 3: New definition of a business. The amendments to IFRS 3 Business Combinations clarify the classification of business acquisitions. The amendments are intended to help determine whether an

acquisition is of a business or a group of assets and select the accounting treatment accordingly. Under IFRS 3, if an entity acquires a business, it will have to use the full consolidation approach. If it acquires a group of assets, other methods are to be applied (e.g. under IAS 16 Property, Plant and Equipment, IFRS 11 Joint Arrangements, or other standards).

IAS 1 and IAS 8: Definition of Material. Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Changes in Accounting Estimates and Errors have become effective. These amendments are related to the 'materiality' concept mentioned in the Conceptual Framework and other IFRS pronouncements. Now information is material if omitting or misstating it could reasonably be expected to influence decisions that the users of financial statements make.

The revised Conceptual Framework. From 2020, the revised Conceptual Framework shall be mandatory. This document is used by the IASB as a basis for developing new IFRS. It contains key objectives of the financial statements and requirements to their quality, elements and recognition criteria. Changes in the Conceptual Framework:

- filled gaps on amending and disclosing information;

- key definitions of assets and liabilities and related recognition criteria were clarified, a new definition of 'reporting entity' was introduced, as well as clarifications on such concepts as 'responsibility for information in the financial statements', 'prudence', 'substance over form', etc.

Although the document was revised and issued by the IASB in spring 2018, it becomes mandatory for use from January 2020. The provisions of the Revised Conceptual Framework should be taken into account in the development of the new accounting policies.

IAS23.14 was added by a provision that in determining a capitalisation rate (the weighted average of the borrowing costs applicable to the borrowings of the entity that are outstanding during the period), an entity should deduct borrowings made specifically for the purpose of obtaining a qualifying asset until all actions required for the asset's preparation for intended use or sale are largely completed. An entity shall apply these amendments to borrowing costs incurred on or after commencement of the reporting period in which it first applies these amendments (see IAS 23.28A, IAS 23.29D).

Revised IAS 40, inter alia, expands the provisions of para 40.53 regarding situations when fair value of

investment property is not reliably determinable.

The Bank applies all standards and amendments that are mandatory and impact presentation of its business transactions. The amendments that are effective on 1 January 2020 do not impact the financial statements of the Bank.

IFRS adopted, but not yet effective:

IFRS and amendments	Key requirements	Effective date	Early adoption
IFRS Financial Instruments, IAS 39 Financial Instruments: Recognition and Measurement, IFRS 7 Financial Instruments: Disclosures, IFRS 4 Insurance Contracts and IFRS 16 Leases	In August 2020, the IASB as part of the IBOR Reform published amendments that complement those issued in 2019 and focus on the effects of the base rate reform on the entity's financial statements that arise when, for example, the base rate used for the calculation of interest on a financial asset is replaced by an alternative base rate. The Phase 2 amendments address issues that may impact the financial statements during the benchmark interest rate reform, including the effects of changes in contractual cash flows or hedge relationships that result from the replacement of the benchmark interest rate with an alternative interest rate (replacement problems). At Phase 2 of the Project, the IASB made amendments to these standards related to: changes in contractual cash flows - an entity is granted a relief from derecognising or adjusting the carrying amount of financial instruments for changes required by the Reform; instead, it will update the effective interest rate to reflect the change to an alternative interest rate; hedge accounting - an entity is granted a relief from discontinuing hedge accounting solely because of making the changes required by the Reform if the hedging meets other hedge accounting criteria; and disclosure - an entity will have to disclose information about new risks arising from the Reform and the way it manages the transition to alternative interest rates. The amendments to Phase 2 apply only to changes required by the benchmark rate reform on financial instruments and hedge relationships.	1 January 2021	Approved

IFRS and amendments	Key requirements	Effective date	Early adoption
IAS 16 Property, plant and equipment	The amendments prohibit an entity from deducting the proceeds from sale of manufactured items from the value of property, plant and equipment when preparing the asset for its intended use. Instead, such proceeds from sale and related expenses are recognised in profit or loss.	1 January 2022	Approved
IAS 37 Provisions, Contingent Liabilities and Contingent Assets	The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).	1 January 2022	Approved
IFRS 3 Business Combinations	Update of references to the Conceptual Framework without changing business combination requirements. An exception regarding commitments and contingencies has been added. Under this exception, for certain types of commitments and contingencies, an entity applying IFRS 3 has to refer to IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies instead of the 2018 Conceptual Framework.	1 January 2022	Approved
Annual Improvements to IFRS Standards 2018- 2020 Cycle Amendment to IFRS 1	Subsidiary as a First-time Adopter The amendment allows a subsidiary adopting IFRS 1 the following: D16(a) If a subsidiary becomes a first-time adopter later than its parent, it should measure the accumulated effect of foreign exchange differences in the other comprehensive income based on such measurement performed by the parent at the date of the transition to IFRS.	1 January 2022	Approved
Annual Improvements to IFRS Standards 2018-2020 Cycle IFRS 9	Fees in the 10 per cent test for derecognition of financial liabilities. The amendment clarifies which fee is to be included in the test. An entity includes only fees paid or received between the lender and the borrower, including fees paid or received by either the lender or the borrower on the other's behalf.	1 January 2022	Approved

IFRS and amendments	Key requirements	Effective date	Early adoption
Annual Improvements to IFRS Standards 2018-2020 Cycle IFRS 16	Lease incentives The amendment to Illustrative Example 13 accompanying IFRS 16 removes from the example the illustration of the reimbursement of the lessee by the lessor for expenses incurred in connection with leasehold improvementsıo		
Annual Improvements to IFRS Standards 2018-2020 Cycle IAS 41	Taxation in fair value measurements. The amendment removes the requirement in IAS 41.22 for entities to exclude taxation cash flows when measuring the fair value of a biological asset. This amendment will ensure consistency with the requirements in IAS 41 and IFRS 13.	1 January 2022	Approved
IAS 1 Presentation of Financial Statements	The amendments explain the criteria for classification of liabilities as non-current: an entity may have the right to defer settlement at least by 12 months after the reporting period. Substance of the amendments: A liability is classified as non-current if an entity has the right to defer the liability at least by 12 months. A right to defer settlement must have substance and exist at the end of the reporting period. The classification depends only on the existence of such a right and does not depend on the probability that the entity plans to exercise this right - the classification is not affected by the intentions or expectations of management as to whether the company exercises its right to defer settlements; Clarification of impact of loan covenants on classification. If the right to defer settlement depends on the entity's compliance with certain conditions, such right exists at the end of the reporting period only if the entity has fulfilled these conditions at the end of the reporting period. The entity should comply with those conditions at the end of the reporting period even if the creditor checks the compliance later; and Clarification of liabilities the entity may settle by issuing own equity instruments.	1 January 2023	Approved
IFRS 17 Insurance Contracts	Certain types of contracts were excluded from the scope of IFRS 17. Simplified presentation of assets and liabilities	1 January 2023	Approved

IFRS and amendments	Key requirements	Effective date	Early adoption
	related to insurance contracts in the statement of financial position Clarification of the application of IFRS 17 in preliminary interim financial statements Recognition of insurance acquisition cash flows Change in recognition of indemnity under reinsurance contracts in the income statement Application of contractual service margin (CSM) Risk mitigation option to include inward reinsurance contracts and non-derivative financial instruments Deferral of the date of initial application of IFRS 17 and exemption of application of IFRS 9 for insurance companies till 1 January 2023 Simplified accounting for liabilities on claim settlement arising under contracts originated prior to the date of transition to IFRS 17 Relief from risk mitigation option requirements Possibility to recognise an investment contract with discretionary participation features at the transition date rather than contract origination date		

The Bank did not early apply the published IFRS, amendments to IFRS and interpretations in the financial statements as at 31 December 2020.

Top officials and management of the Bank are currently assessing the potential impact of the amendments to and interpretations of IFRS on the financial statements.

Note 6. Cash and cash equivalents

Table 6.1. Cash and cash equivalents

(UAH ‘000)

Line	Item	31/12/2020	31/12/2019
1	2	3	4
1	Cash on hand	122,539	76,179
2	Balances with the National Bank of Ukraine (excluding mandatory reserves)	155,993	213,890
3	Correspondent accounts, deposits and overnight loans due from:	83,108	233,929
3.1	domestic banks	82,418	232,182
3.2	foreign banks	690	1,747
4	**Total cash and cash equivalents**	**361,640**	**523,998**

The amounts in this note are used to fill in line "Cash and cash equivalents" of the "Statement of financial position (Balance sheet)".

As at 31 December 2020 The Bank did not have short-term deposits and overnight loans to other banks recognized as cash and cash equivalents under IFRS as at 31 December 2016.

Table 6.2. Analysis of changes in the carrying amount of cash and cash equivalents

Line	Item	31/12/2020	31/12/2019
1	2	3	4
1	Gross carrying amount at the beginning of the period	523,998	438,558
2	Increase in cash	46,360	3,245
3	Increase in balances with the National Bank of Ukraine (other than mandatory reserves)	(57,897)	110,330
4	Increase in balances on correspondent accounts with Ukrainian banks	(150,821)	(28,135)
5	**Gross carrying amount of cash and cash equivalents at the end of the reporting period**	**361,640**	**523,998**

Table 6.3. Credit quality analysis of cash and cash equivalents

(UAH ‘000)

Line	Credit rating	Total
1	2	3
1	High rating	361,640
2	Total cash and cash equivalents	361,640

Note 7. Investments in securities

Table 7.1. Investments in securities (UAH ‘000)

Line	Item	31/12/2020	31/12/2019
1	2	3	4
1	Securities at AC	1,100,169	778,003
2	Securities at FVTPL	1,305,218	764,115
3	**Total securities**	**2,405,387**	**1,542,118**

Table 7.2. Investments in securities at AC (UAH ‘000)

Line	Item	31/12/2020	31/12/2019
1	2	3	4
1	NBU savings deposit certificates	1,100,169	778,003
2	**Total investments in securities at AC**	**1,100,169**	**778,003**

Table 7.3. Investments in securities at FVTPL (UAH ‘000)

Line	Item	31/12/2020	31/12/2019
1	2	3	4
1	Government bonds	1,305,218	764,115
2	**Total investments in securities at FVTPL**	**1,305,218**	**764,115**

As at 31 December 2020, the Bank recognises securities (bonds) of the PJSC “RYTM” in the amount of UAH 2,328 for which a write-down was created for the full amount of debt. The carrying amount of securities of the PJSC “RYTM” is nil.

Figures of this note are used in the line “Investments in securities” of the Statement of Financial Position (Balance Sheet).

Amounts of income accrued and not received on debt securities at the close of the day:

- UAH 37,940 thousand as at 31 December 2020;
- UAH 30,582 thousand as at 31 December 2019.

Table 7.4. Credit quality analysis of investments in securities at AC as at 31 December 2020

(UAH '000)

Line	Item	Stage 1	Total
1	2	3	4
1	NBU savings deposit certificates	1,100,169	1,100,169
1.2	Including risk-free	1,100,169	1,100,169
2	**Total debt securities at AC**	**1,100,169**	**1,100,169**

Table 7.5. Credit quality analysis of investments in securities at AC as at 31 December 2019 (UAH '000)

Line	Item	Stage 1	Total
1	2	3	4
1	NBU savings deposit certificates	778,003	778,003
1.2	Including risk-free	778,003	778,003
2	**Total debt securities at AC**	**778,003**	**778,003**

Table 7.6. Credit quality analysis of debt securities at FVTPL as at 31 December 2020

(UAH '000)

Line	Item	Risk-free	Total
1	2	3	4
1	Government bonds	1,305,218	1,305,218
2	**Total debt securities at FVTPL**	**1,305,218**	**1,305,218**

Table 7.7. Credit quality analysis of debt securities at FVTPL as at 31 December 2019

(UAH '000)

Line	Item	Risk-free	Total
1	2	3	4
1	Government bonds	764,115	764,115
2	**Total debt securities at FVTPL**	**764,115**	**764,115**

Note 8. Loans and advances to customers

Table 8.1. Loans and advances to customers

(UAH '000)

Line	Item	31/12/2020	31/12/2019
1	2	3	4
1	Loans and advances to customers at AC	2,324,196	1,595, 251
2	Loans and advances to customers at FVTPL	-	1,089
3	**Total loans and advances to customers, net of provisions**	**2,324,196**	**1,596,340**

Table 8.2. Loans and advances to customers at AC

(UAH '000)

Line	Item	31/12/2020	31/12/2019
1	2	3	4
1	Loans to legal entities	1,233,285	763,385
2	Loans to individuals	777,521	577,546
3	Mortgage loans to individuals	492,530	430,712
4	Provision for loans to customers at AC	(179,139)	(176,392)
5	**Total loans and advances to customers at AC**	**2,324,196**	**1,595, 251**

Table 8.3. Loans and advances to customers at FV

(UAH '000)

Line	Item	31/12/2020	31/12/2019
1	2	3	4
1	Loans to individuals	-	1,089
2	Total loans and advances to customers at FV	-	1,089

As at 31 December 2020, the Bank accounted for loans at FV in the amount UAH 8 thousand for which a write-down was created for the full amount of debt. The carrying amount of loans at FV is nil.

Table 8.4. Credit quality analysis of loans and advances to customers at AC as at 31 December 2020

(UAH '000)

Line	Item	Stage 1	Stage 2	Stage 3	Total
1	2	3	4	5	6
1	Loans and advances to customers at AC				
2	Minimum credit risk	1,499,380	-	-	1,499,380
3	Low credit risk	701,552	205	-	701,757
4	Medium credit risk	15,421	58,657	-	74,078
5	High credit risk	49,712	18,415	-	68,127
6	Default assets	-	-	159,993	159,993
7	**Total gross carrying amount of loans and advances to customers at AC**	**2,266,065**	**77,277**	**159,993**	**2,503,335**
8	Provisions for impairment of loans and advances to customers at AC	(53,426)	(9,587)	(116,126)	(179,139)
9	**Total loans and advances to customers at AC**	**2,212,639**	**67,690**	**43,867**	**2,324,196**

Table 8.5. Credit quality analysis of loans and advances to customers at AC as at 31 December 2019

(UAH '000)

Line	Item	Stage 1	Stage 2	Stage 3	Total
1	2	3	4	5	6
1	Loans and advances to customers at AC				
2	Minimum credit risk	914,554	-	-	914,554
3	Low credit risk	422,620	-	-	422,620
4	Medium credit risk	132,593	67,208	-	199,801
5	High credit risk	-	37,973	-	37,973
6	Default assets	-	-	196,695	196,695
7	Total gross carrying amount of loans and advances to customers at AC	1,469,767	105,181	196,695	1,771,643
8	Provisions for impairment of loans and advances to customers at AC	(27,615)	(9,837)	(138,940)	(176,392)
9	Total loans and advances to customers at AC	1,442,152	95,344	57,755	1,595,25

Table 8.6. Credit quality analysis of loans and advances to customers at FVTPL as at 31 December 2019

(UAH '000)

Line	Item	Minimum credit risk	Low credit risk	Medium credit risk	Total
1	2	3	4	5	6
1	Loans to individuals	1,021	19	49	1,089
2	Total loans and advances to customers at FVTPL	1,021	19	49	1,089

Table 8.7. Analysis of changes in provisions for impairment of loans and advances to customers at AC as at 31 December 2020

(UAH '000)

Line	Item	Stage 1	Stage 2	Stage 3	Total
1	2	3	4	3	5
1	Provision for impairment as at 1 January 2020	27,615	9,837	138,940	176,392
2	Purchased/originated financial assets	14,337	7,418	21,294	43,049
3	Financial assets derecognised or repaid (other than those written-off)	(5,923)	(9,837)	(18,632)	(34,392)
4	Overall effect of transfers between stages	17,397	2,169	82,699	102,265
4.1	Transfers to Stage 1	15,611	1,910	8,148	25,669
4.2	Transfers to Stage 2	1,688	204	6,422	8,314
4.3	Transfers to Stage 3	98	55	68,130	68,283
5	Financial assets written off against provision	-	-	(108,176)	(108,176)
6	Provision for impairment as at 31 December 2020	53,426	9,587	116,126	179,139

Table 8.8 Analysis of changes in impairment provisions for loans and advances to customers as at 31 December 2019

(UAH '000)

Line	Item	Stage 1	Stage 2	Stage 3	Total
1	2	3	4	3	5
1	Provision for impairment as at 1 January 2019	23,882	3,651	75,204	102,737
2	Purchased/originated financial assets	14,760	7,226	17,984	39,970
3	Financial assets derecognised or repaid (other than those written-off)	(4,402)	(1,386)	(15,291)	(21,079)
4	Overall effect of transfers between stages	(2,185)	(106)	2,291	-
4.1	Transfers to Stage 1	274	(224)	(50)	-
4.2	Transfers to Stage 2	(1,911)	1,911	-	-
4.3	Transfers to Stage 3	(548)	(1,793)	2,341	-
5	Financial assets written off against provision	-	-	(194)	(194)
6	Other changes	(4,440)	452	58,946	54,958
7	Provision for impairment as at 31 December 2019	27,615	9,837	138,940	176,392

Table 8.9. Analysis of changes to the gross carrying amount of loans and advances to customers at AC as at 31 December 2020

(UAH '000)

Line	Item	Stage 1	Stage 2	Stage 3	Total
1	2	3	4	5	6
1	Gross carrying amount at 1 January 2020	1,469,767	105,181	196,695	1,771,643
2	Purchased/originated financial assets	604,954	24,161	27,294	656,409
3	Financial assets derecognised or repaid (other than those written-off)	(469,768)	(75,181)	(53,518)	(598,467)
4	Transfers to Stage 1	615,655	20,116	10,148	645,919
5	Transfers to Stage 2	42,966	2,482	9,420	54,868
6	Transfers to Stage 3	2,491	518	78,130	81,139
7	Write-off of financial assets against provisions	-	-	(108,176)	(108,176)
8	Gross carrying amount at 31 December 2020	2,266,065	77,277	159,993	2,503,335

Table 8.10. Analysis of changes in the gross carrying amount of loans and advances to customers at AC as at 31 December 2019 (UAH '000)

Line	Item	Stage 1	Stage 2	Stage 3	Total
1	2	3	4	5	6
1	Gross carrying amount at 1 January 2019	1,485,551	93,448	75,740	1,654,739
2	Purchased/originated financial assets	855,665	91,233	21,203	968,101
3	Financial assets derecognised or repaid (other than those written-off)	(594,921)	(30,366)	(15,291)	(640,578)
4	Transfers to Stage 1	(59,687)	6,815	1,115	(51,757)
5	Transfers to Stage 2	16,745	(55,597)	-	(38,852)
6	Transfers to Stage 3	42,942	48,782	(1,115)	90,609
7	Write-off of financial assets against provisions	-	-	(194)	(194)
8	Other changes	(276,528)	(49,134)	115,237	(210,425)
9	Gross carrying amount at 31 December 2019	1,469,767	105,181	196,695	1,771,643

Table 8.11. Loan structure by types of economic activity

(UAH '000)

Line	Sector	31/12/2020		31/12/2019	
		amount	%	amount	%
1	2	3	4	5	6
1	Production and distribution of electric power, natural gas and water	56,910	2%	68,636	3%
2	Transactions with property, leases, engineering and servicing	41,794	2%	22,020	1%
3	Trade, repair of cars and consumer and household items	391,073	16%	334,832	19%
4	Agriculture, hunting, forestry	112,928	4%	80,937	5%
5	Individuals	1,264,657	51%	1,008,259	57%
6	Construction	456,522	18%	176,435	10%
7	Other	179,452	7%	81,613	5%
8	**Total loans and advances to customers less provisions**	**2,503,336**	**100%**	**1,772,732**	**100%**

Table 8.12. Information about loans by the type of collateral as at 31 December 2020

(UAH '000)

Line	Item	Loans to legal entities	Loans to individuals	Mortgage loans	Total
1	2	3	4	5	6
1	Unsecured loans	-	461,017	-	461,017
2	Loans secured by	1,233,286	316,503	492,530	2,042,319
2.1	cash	159,296	-	-	159,296
2.2	real property	332,547	3,780	221,104	557,431
2.2.1	including residential property	70,714	2,220	214,334	287,268
2.3	guarantees and suretyships	256,243	6,778	271,426	534,447
2.4	other assets	485,200	305,945	-	791,145
3	Total loans and advances to customers, net of provisions	1,233,286	777,520	492,530	2,503,336

Table 8.13 Information about loans by the type of collateral as at 31 December 2019

(UAH '000)

Line	Item	Loans to legal entities	Loans to individuals	Mortgage loans	Total
1	2	3	4	5	6
1	Unsecured loans	27,582	304,339	244	332,165
2	Loans secured by	735,803	274,296	430,468	1,440,567
2.1	cash	58,154	328	10,962	69,444
2.2	real property	337,595	2,530	160,604	500,729
2.2.1	including residential property	86,078	2,530	154,640	243,248
2.3	guarantees and suretyships	62,053	1,622	170,913	234,588
2.4	other assets	278,001	269,816	87,989	635,806
3	Total loans and advances to customers, net of provisions	763,385	578,635	430,712	1,772,732

Table 8.14 Effect of collateral value on credit quality as at 31 December 2020

(UAH '000)

Line	Item	Carrying amount of loans	Expected cash flows from sale of collateral	Effect of collateral
1	2	3	4	5 = 3 - 4
2	Loans to legal entities	1,152,102	627,259	524,843
3	Loans to individuals	681,418	283,756	397,662
4	Mortgage loans	490,676	204,715	285,961
5	Total loans	2,324,196	1,115,730	1,208,466

Table 8.15 Effect of collateral value on credit quality as at 31 December 2019

Line	Item	Carrying amount of loans	Expected cash flows from sale of collateral	Effect of collateral
1	2	3	4	5 = 3 - 4
2	Loans to legal entities	657,020	428,126	228,894
3	Loans to individuals	509,770	170,708	339,062
4	Mortgage loans	429,550	357,115	72,435
5	Total loans	1,596,340	955,949	640,391

Note 9. Investment property

Table 9.1. Investment property measured under the cost approach as at 31 December 2020 (UAH '000)

Line	Item	Land	Buildings	Land improvements	Total
1	2	3	4	5	6
1	**Balance at the beginning of 2019**	**40,000**	**42,246**	**3,752**	**85,998**
1.1	*Historical cost*	*94,190*	*63,519*	*3,794*	*161,503*
1.2	*Depreciation*	-	*(2,964)*	*(42)*	*(3,006)*
1.3.	*Impairment*	*(54,190)*	*(18,309)*	-	*(72,499)*
2	Acquisitions	-	6,052	-	6,052
3	Depreciation	-	(1,889)	(252)	(2,141)
4	Impairment	-	(37)	-	(37)
5	**Balance at the end of 2019**	**40,000**	**46,372**	**3,500**	**89,872**
5.1	*Historical cost*	*94,190*	*69,571*	*3,794*	*167,555*
5.2	*Depreciation*	-	*(4,853)*	*(294)*	*(5,147)*
5.3	*Impairment*	*(54,190)*	*(18,346)*	-	*(72,536)*
6	Transfers from non-current assets held for sale to investment property	5,828	-	-	5,828
7	Effect of transition to fair value accounting	16,344	4,660	(3,500)	17,505
7.1	Adjustments to accumulated depreciation for prior periods		4,853	294	5,147
7.2	Improvement cost reallocation	3,794	-	(3,794)	-
7.3	Reversal of impairment	54,190	18,346	-	72,536
7.4	Revaluation write-down	(41,640)	(18,539)	-	(60,179)
8	Transfers from investment property to property and equipment	-	(51,031)	-	(51,031)
8	**Balance at the end of 2020**	**62,172**	**-**	**-**	**62,172**

The amounts in this note are used to fill in line 6 "Investment property" of the "Statement of financial position (Balance sheet)".

During 2020, non-residential buildings such as investment property items and some land plots were granted in an operating lease. The resulting income is presented in the line 1 of Note 28 “Other operating income”. Land is generally held for a currently undetermined future use, and some land plots are leased out.

In 2020, non-current assets held for sale, the ownership of which was acquired under the contract of exchange, was transferred to investment property (see Note 14 for more detail).

During the reporting year, the Bank changed the treatment of investment property from historical cost basis to fair value basis.

In accordance with the historical cost principle, all assets other than land plots were depreciated on a straight-line basis at a depreciation rate of 4% and with a useful life of 25 years. When owning the investment property, depreciation was charged on buildings and not on land plots.

According to the accounting policies, the cost approach was selected during the reporting year for further accounting. Under such approach, the fair value of the Bank's investment property was determined based on reports of the independent appraiser. The carrying amount of the investment property at the reporting date is in line with its fair value.

In addition, on 24 December 2020, the Management Board of the Bank adopted a decision (Minutes of the Management Board #148 dated 24 December 2020) on the beginning of use and operation of own premises from 30 December 2020 located at 42-A Sosnova St Kyiv Region Novosilkivska Village Council to support the Bank’s principal operations.

Due to the change of the intended use of the premises, the above non-current asset was transferred from investment property to Buildings within the property and equipment.

Table 9.2. Amounts recognized in the Statement of profit and loss and other comprehensive income

Line	Income and expenses	As at 31/12/2020	As at 31/12/2019
1	2	3	4
1	Gains on lease of investment property	929	929
2	Direct operating expenses (including repairs and maintenance) arising from investment property that generated rental income	(482)	(546)
3	Other direct costs that do not generate the rental income	-	(67)
4	(Reversal of)/investment property impairment	72,536	(37)
5	Revaluation write-down	(60,179)	-
6	Adjustments to accumulated depreciation	5,147	-

Note 10. Property, equipment and intangible assets

Table 10.1. Property, equipment and intangible assets as at 31 December 2020

(UAH '000)

Line	Item	Buildings, constructions and transmission equipment	Machinery and equipment	Vehicles	Fixtures and fittings (furniture)	Other property and equipment	Other non-current tangible assets	Construction in progress	Intangible assets	Total
1	2	3	4	5	6	7	8	9	10	11
1	Carrying amount at the beginning of 2019:	51,675	7,530	1,383	1,218	370	9,223	3,459	27,115	101,973
1.1	Historical (revalued) cost	78,075	13,016	2,201	2,894	944	20,087	3,459	35,370	156,046
1.2	Depreciation at the beginning of 2019	(26,400)	(5,486)	(818)	(1,676)	(574)	(10,864)	-	(8,255)	(54,073)
2	Additions	-	2,985	3,546	110	67	1,163	17,482	349	25,702
3	Capital investments for completion of property and equipment and improvement of intangible assets	-	963	-	25	-	51	-	5,040	6,079
5	Other reclassifications	-	-	-	-	-	-	-	-	-
6	Disposals	-	(192)	(219)	(13)	(28)	(101)	(20,503)	(7)	(21,063)
7	Depreciation charges	(3,091)	(1,546)	(295)	(196)	(94)	(3,022)	-	(7,408)	(15,652)
9	Carrying amount at the end of 2019 (beginning of 2020)	48,584	9,740	4,415	1,144	315	7,314	438	25,089	97,039
9.1	Historical (revalued) cost	78,075	16,772	5,529	3,016	984	21,200	438	40,752	166,766
9.2	Depreciation at the end of 2019 (beginning of 2020)	(29,491)	(7,032)	(1,114)	(1,872)	(669)	(13,886)	-	(15,663)	(69,727)
10	Additions	51,031	1,806	-	36	89	3,076	22,462	15,051	93,551
11	Capital investments for completion of property and equipment and improvement of intangible assets	125	509	-	-	-	215	-	-	849
13	Other reclassifications	-	-	-		-	-	-	-	
14	Disposals	-	(269)	-	(23)	(179)	(657)	(21,225)	(99)	(22,452)
15	Depreciation charges	(3,092)	(1,997)	(1,106)	(211)	56	(4,568)	-	(7,826)	(18,744)
17	Carrying amount at the end of 2020	96,648	9,789	3,309	946	281	5,380	1,675	32,215	150,243
17.1	Historical (revalued) cost	129,231	18,818	5,529	3,029	894	23,834	1,675	55,704	238,714
17.2	Depreciation at the end of 2020	(32,583)	(9,029)	(2,220)	(2,083)	(613)	(18,454)	-	(23,489)	(88,471)

The amounts in this note are used to fill in line "Property, equipment and intangible assets" of the "Statement of financial position (Balance sheet)".

Also, the amount of accumulated amortisation (depreciation) for the year is analysed in Note 28 Administrative and other expenses.

JSC “CB GLOBUS” has no:

- property and equipment restricted for possession, use or disposal according to the effective legislation;
- property, equipment and intangible assets pledged as collateral;
- property and equipment decommissioned for sale;
- intangible assets with restricted titles.

Generated intangible assets and purchases in a business combination are absent. Impairment losses were not remeasured, assessed or recognised. Impairment losses were not recognised or reversed in profit or loss in accordance with IAS 36. Contractual commitments for the acquisition of property, plant and equipment are absent.

Historical (revalued) cost of fully depreciated property and equipment comprised

- UAH 21,515 thousand as at 31 December 2020;
- UAH 15,001 thousand as at 31 December 2019.

There have been no changes in the carrying amounts recognized based on property and equipment revaluation results during the reporting period.

There have been no impairment losses recognised or reversed directly in equity.

Note 11. Right-of-use assets

As at 31 December 2020, the right-of-use assets under lease arrangements at the cost of UAH 20,570 thousand recognised by the Bank were included under the caption “Right-of-use assets” in the Statement of Financial Position (Balance Sheet).

Table 11.1 Right-of-use assets maturity analysis as at 31 December 2020

(UAH ‘000)

Line	Item	Less than 12 months	More than 12 months	Total
1	2	3	4	5
1	Right-of-use assets	2,742	17,828	20,570
2	**Total right-of-use assets**	**2,742**	**17,828**	**20,570**

Table 11.2 Right-of-use assets maturity analysis as at 31 December 2019

(UAH '000)

Line	Item	Less than 12 months	More than 12 months	Total
1	2	3	4	5
1	Right-of-use assets	2,566	19,949	22,515
2	**Total right-of-use assets**	**2,566**	**19,949**	**22,515**

Note 12. Other assets

Table 12.1. Other assets

(UAH '000)

Line	Item	31/12/2020	31/12/2019
1	2	3	4
1	Current assets acquired as a result of foreclosure of collateral	9,183	-
2	Accounts receivable on purchase of assets	2,396	448
3	Prepayments for services	139	251
4	Precious metals	5,889	575
5	Deferred expenses	3,704	3,545
6	Inventories	365	296
7	Taxes and duties payable, other than income tax	204	155
8	Settlements on transfers	553	-
9	Provision for impairment of other assets	(728)	(150)
10	**Total other assets less provisions**	**21,705**	**5,120**

The amounts in this note are used to fill in line 11 "Other assets" of the *"Statement of financial position (Balance sheet)"*.

Table 12.2. Analysis of changes in provision for impairment of other assets as at 31 December 2020

(UAH '000)

Line	Movements in provisions	Receivables on acquisition of assets	Prepayments for services	Total
1	2	3	4	5
1	Balance at 31 December 2019	(130)	(20)	(150)
2	(Decrease)/increase in provision for impairment during the period	(509)	(69)	(578)
3	Balance at 31 December 2020	(639)	(89)	(728)

Note 13. Other financial assets

Table 13.1. Other financial assets

(UAH ‘000)

Line	Item	31/12/2020	31/12/2019
1	2	3	4
1	Amounts due from payment cards transactions	1,924	1,020
2	Receivables on transactions with other banks	51	13,704
3	Receivables on transactions with other financial instruments	10,302	3,101
4	Receivables on unrecovered transfers paid to individuals	5,477	3,369
5	Receivables on income accrued	2,313	1,766
6	Receivables on lending transactions	577	497
7	Cash on settlement accounts in other banks	5,154	5,154
8	Cash on settlement accounts of legal entities	8,822	-
9	Other financial assets	4	1
10	Provision for impairment of other financial assets	(6,122)	(14,220)
11	**Total other financial assets less provisions**	**28,502**	**14,392**

As at 31 December 2020, the balance of line 8 “Cash on settlement accounts in other banks” includes amounts of guaranteed deposits placed by the Bank with the Operational Department of the NBU, PJSC “BANK FAMILNYI”, PJSC “FUIB”, JSB “UKRGAZBANK”.

As at 31 Decmber 2019, the balance of line 8 “Cash on settlement accounts in other banks” includes amounts of guaranteed deposits placed by the Bank with the Operational Department of the NBU, PJSC “BANK FAMILNYI”, PJSC “FUIB”, JSB “UKRGAZBANK”.

Table 13.2. Analysis of changes in the provision for impairment of other financial assets as at 31 December 2020

(UAH '000)

Line	Movements in provisions	Receivables on transactions with other banks	Receivables on transactions with other financial instruments	Receivables on income accrued	Receivables on lending transactions	Cash on settlement accounts of legal entities	Total
1	2	3	4	5	6	7	8
1	Balance at the beginning of the period	(13,704)	(14)	(241)	(261)	-	(14,220)
2	(Decrease)/increase in provision for impairment during the period	-	(4,953)	(66)	(493)	(294)	(5,806)
3	Write-off against provision	13,704	-	20	180	-	13,904
4	Balance at the end of the period	-	(4,967)	(287)	(574)	(294)	(6,122)

Table 13.3. Analysis of changes in the provision for impairment of other financial assets as at 31 December 2019

(UAH '000)

Line	Movements in provisions	Receivables on transactions with other banks	Receivables on transactions with other financial instruments	Receivables on income accrued	Receivables on lending transactions	Total
1	2	3	4	5	6	7
1	Balance at the beginning of the period	(13,704)	(6,703)	(434)	-	(20,841)
2	(Decrease)/increase in provision for impairment during the period	-	331	193	(261)	263
3	Write-off against provision	-	6,358	-	-	6,358
4	Balance at the end of the period	(13,704)	(14)	(241)	(261)	(14,220)

Table 13.4. Analysis of changes in gross carrying amount of other assets as at 31 December 2020 (UAH '000)

Line	Item	receivables on operations with payment cards	Receivables on transactions with other banks	Receivables on transactions with other financial instruments	Receivables on unrecovered transfers paid to individuals	Receivables on income accrued	Receivables on lending transactions	Cash on settlement accounts in other banks	Other financial assets	Total
1	2	3	4	5	6	7	8	9	10	11
1	Balance at the beginning of the period	1,020	13,704	3,101	3,369	1,766	497	5,154	1	28,612
2	Receivables initially recognised during the reporting period	213,115	15,282	122,703	139,945	25,737	3,477	16,754,786	210	17,275,255
3	Receivables derecognised or repaid	(212,211)	(15,231)	(115,502)	(137,837)	(25,170)	(3,217)	(16,754,786)	(207)	(17,264,161)
4	Write-off against provision	-	(13,704)	-		(20)	(180)	-	-	(13,904)
5	Balance at the end of the period	1,924	51	10,302	5,477	2,313	577	5,154	4	25,802

Table 13.5. Analysis of changes in gross carrying amount of other assets as at 31 December 2019

(UAH '000)

Line	Item	Receivables on securities	Receivables on transactions with payment cards	Receivables on transactions with other banks	Receivables on transactions with other financial instruments	Receivables on unrecovered transfers paid to individuals	Receivables on income accrued	Receivables on lending transactions	Cash on settlement accounts in other banks	Other financial assets	Total
1	2	3	4	5	6	7	8	9	10	11	12
1	Balance at the beginning of the period	30	93	13,704	7,490	5,752	1,873	5	3,958	-	32,905
2	Receivables initially recognised during the reporting period	769,363	1,582,385	-	90,519	149,301	22,534	3,618	13,821,141	7	16,438,868
3	Receivables derecognised or repaid	(769,393)	(1,581,458)	-	(88,889)	(151,684)	(22,641)	(3,126)	(13,819,945)	(6)	(16,431,140)
4	Write-off against provision	-	-	-	(6,019)	-	-	-	-	-	(6,019)
5	Balance at the end of the period	-	1,020	13,704	3,101	3,369	1,766	497	5,154	1	28,612

Table 13.6. Analysis of credit quality of other financial assets as at 31 December 2020

(UAH '000)

Line	Item	Minimum credit risk	Low credit risk	Medium credit risk	High credit risk	Default assets	Total
1	2	3	4	5	6	7	8
1	Receivables on transactions with payment cards	1,924	-	-	-	-	1,924
2	Receivables on transactions with other banks	51	-	-	-	-	51
3	Receivables on transactions with other financial instruments	3,892	378	1,035	-	4,997	10,302
4	Receivables on unrecovered transfers paid to individuals	5,477	-	-	-	-	5,477
5	Receivables on income accrued	2,182	1	-	-	130	2,313
6	Receivables on lending transactions	29	-	-	-	548	577
7	Cash on settlement accounts in other banks	5,154	-	-	-	-	5,154
8	Cash on settlement accounts of legal entities	8,822	-	-	-	-	8,822
9	Other financial assets	4	-	-	-	-	4

Table 13.7. Analysis of credit quality of other financial assets as at 31 December 2019

(UAH '000)

Line	Item	Minimum credit risk	Low credit risk	Medium credit risk	High credit risk	Default assets	Total
1	2	3	4	5	6	7	8
1	Receivables on transactions with payment cards	1,020	-	-	-	-	1,020
2	Receivables on transactions with other banks	-	-	-	-	13,704	13,704
3	Receivables on transactions with other financial instruments	3,101	-	-	-	-	3,101
4	Receivables on unrecovered transfers paid to individuals	3,369	-	-	-	-	3,369
5	Receivables on income accrued	1,050	511	77	29	99	1,766
6	Receivables on lending transactions	148	38	-	49	262	497
7	Cash on settlement accounts in other banks	5,154	-	-	-	-	5,154
8	Other financial assets	1	-	-	-	-	1

Note 14. Non-current assets held for sale and disposal groups

Table 14.1 Non-current assets held for sale and disposal groups as at 31 December 2020

(UAH '000)

Line	Item	31/12/2020	31/12/2019
1	2	3	4
1	Real property held for sale	-	15,011
3	**Total non-current assets, available for sale**	**-**	**15,011**

Figures of this note are used in the line "Non-current assets held for sale and disposal groups" and "Non-current assets acquired as a result of foreclosure of collateral" of the Statement of Financial Position (Balance Sheet).

As non-current assets did not meet the recognition criteria, the Bank decided to reclassify such assets. As a result of the decision, part of the non-current assets classified as held for sale, the ownership of which was acquired under the contract of exchange, was transferred to investment property in the Statement of financial position (Note 9), while the remaining part of the foreclosed property was transferred to current assets acquired as a result of foreclosure of collateral and reported within Current assets in the Statement of financial position (Note 12).

The Bank continues searching for buyers and negotiating with potential buyers; sale is expected in 2021.

In 2020-2019, the Bank did not dispose of any non-current assets held for sale. In 2020-2019, the operations were not discontinued.

Note 15. Due to banks

(UAH '000)

Line	Item	31/12/2020	31/12/2019
1	2	3	4
1	Due to the National Bank of Ukraine	655,890	-
2	Loans received:	-	54,149
2.1	Short-term loans	-	54,149
3	**Total due to banks**	**655,890**	**54,149**

The amounts in this note are used to fill in line "Due to banks" of the "Statement of financial position (Balance sheet)".

Expense accrued but not paid on due to banks:

nil as at 31 December 2020;
UAH 336 thousand as at 31 December 2019.

Note 16. Due to customers

Table 16.1. Due to customers

(UAH '000)

Line	Item	31/12/2020	31/12/2019
1	2	3	4
1	State-owned and public organizations:	410	302
1.1	Current accounts	410	302
1.2	Term deposits	-	-
2	Other legal entities	2,824,465	2,095,345
2.1	Current accounts	1,434,465	1,480,957
2.2	Term deposits	1,390,000	614,388
3	Individuals	1,202,815	1,257,024
3.1	Current accounts	313,377	337,250
3.2	Term deposits	889,438	919,774
4	**Total due to customers**	**4,027,690**	**3,352,671**

The amounts in this note are used to fill in line "Due to customers" of the Statement of financial position (Balance sheet).

Expenses accrued but not paid due to customers:

- comprise UAH 12,611 thousand as at 31 December 2020
- UAH 14,968 thousand as at 31 December 2019

Table 16.2. Distribution of amounts due to customers by economic activity

(UAH '000)

Line	Type of economic activity	31/12/2020		31/12/2019	
		amount	%	amount	%
1	2	3	4	5	6
1	Production and distribution of electric power, natural gas and water	191,605	4.76%	71,102	2.12%
2	Transactions with real property, leases, engineering and servicing	104,721	2.60%	349,334	10.41%
3	Trade, repair of cars and consumer and household items	302,347	7.51%	349,692	10.42%
4	Agriculture, hunting, forestry	13,536	0.34%	7,987	0.2%
5	Individuals	1,202,815	29.86%	1,257,024	37.6%
6	Insurance services	120,543	2.99%	140,668	4.2%
7	Transportation activities and additional transportation services	54,382	1.35%	23,515	0.7%
8	Provision of information services	2,836	0.07%	4,053	0.12%

9	Provision of financial services	78,556	1.95%	47,638	1.42%
10	Education, health and welfare plans	2,408	0.06%	4,519	0.13%
11	Due to non-resident legal entities	28,834	0.72%	18,458	0.5%
12	Construction and specialised construction works	1,608,949	39.95%	862,312	25.7%
13	Advertising activities	10,421	0.26%	4,443	0.13%
14	Production of vehicles	47,723	1.18%	1,623	0.05%
15	Production of finished metal products	104,030	2.58%	6,633	0.2%
16	Other	153,984	3.82%	203,670	6.1%
17	Total due to customers	**4,027,690**	**100%**	**3,352,671**	**100%**

Borrowings with the carrying amount of UAH 53,923 thousand were pledged as collateral on lending transactions in the amount of UAH 168,964 thousand.

Borrowings with the carrying amount of is UAH 92,665 thousand were pledged as collateral on guarantees in the amount of UAH 155,950 thousand.

Note 17. Debt securities issued by the Bank

Table 17.1. Debt securities issued by the Bank

(UAH ‘000)

Line	Item	31/12/2020	31/12/2019
1	2	3	4
1	Deposit certificates	187	280
2	Total	187	280

In 2020, JSC "CB GLOBUS” repurchased registered savings (deposit) certificates for individuals.

As at 31 December 2020, the item "Debt securities issued by the bank" included the following:

- savings (deposit) certificates issued by bank for the amount of UAH 187 thousand;

There are no assets pledged as collateral on securities issued by the Bank and convertible debt instruments.

Note 18. Provisions for liabilities

Table 18.1. Movements in provisions for liabilities as at 31 December 2020

(UAH ‘000)

Line	Movements in provisions	Credit related commitments
1	2	3
1	Balance as at 31 December 2018	**4,422**
2	Establishment and/or increase of provision	2,521
3	Fees and commissions on guarantees issued	14,086
4	Amortisation of fees and commissions received on guarantees issued and recognized in the Statement of profit and loss and other comprehensive income	(4,739)
5	Gains from derecognition of financial liabilities	(3,481)
6	Effect of translation to presentation currency	(127)
7	Balance as at 31 December 2019	**12,682**
8	Establishment and/or increase of provision	(3,589)
9	Fees and commissions on guarantees issued	51,092
10	Amortisation of fees and commissions received on guarantees issued and recognized in the Statement of profit and loss and other comprehensive income	(15,464)
11	Gains from derecognition of financial liabilities	(34,907)
12	Effect of translation to presentation currency	205
13	**Balance as at 31 December 2020**	**10,019**

The amounts in this note are used to fill in line "Provisions for liabilities" of the Statement of financial position (Balance sheet).

Provisions for financial commitments are created to secure fulfilment of such commitments in the future and are recognised as liability in the Bank's balance sheet, giving evidence of potential losses as a result of an outflow of economic benefits related to fulfilment of such commitments by the Bank.

In the reporting period, the Bank has not drawn on the provisions for granted financial guarantees to fulfil the assumed commitments.

According to the agreements made with customers, the Bank's guarantees and commitments to extend credit expire in 2020 – 2029. The amount of the fees collected for the guarantees issued is amortized on a straight line basis during the validity period of the guarantees.

Note 19. Other financial liabilities

Table 19.1. Other financial liabilities

(UAH '000)

Line	Item	31/12/2020	31/12/2019
1	2	3	4
1	Payables on transactions with payment cards	517	530
2	Payables on transactions with foreign currency	27,189	3
3	Suspense loans amounts	1,300	117
4	Accounts payable on transactions with banks	2,178	18,109
5	Accounts payable on transactions with customers of the bank	3,618	2,209
6	Accounts payable on dormant accounts	1,086	1,089
7	Accounts payable on lending transactions	352	69
8	Expenses accrued	5	5
9	Cash on settlements	10,613	10,770
10	Equity instrument containing write-off/conversion conditions	40,270	-
11	**Total other financial liabilities**	**87,128**	**32,901**

The amounts in this note are used to fill in the line "Other liabilities" of the Statement of financial position (Balance sheet).

The sum of line 2 comprises the credited foreign currency to be sold under surrender requirement and cash transferred to purchase foreign currency at the Interbank FX Market of Ukraine under SPOT and TOM transactions.

Note 20. Other liabilities

Table 20.1. Other liabilities

(UAH '000)

Line	Item	31/12/2020	31/12/2019
1	2	3	4
1	Taxes and duties payable other than income tax payable	4,315	4,775
2	Accounts payable to the Bank's employees	21,581	15,415
3	Accounts payable for assets purchased	626	96
4	Deferred income	8,155	3,726
5	Payables for services	4,771	1,753
6	**Total**	**39,448**	**25,765**

Note 21. Lease liabilities

As at 31 December 2020, a lease liability for the amount of UAH 20,930 thousand measured at the present value of the lease payments unpaid at the reporting date was included in the line "Lease liabilities" of the Statement of financial position (Balance sheet).

Table 21.1 Analysis of lease liabilities by maturities as at 31 December 2020

(UAH '000)

Line	Item	Less than 12 months	More than 12 months	Total
1	2	3	4	5
1	Lease liabilities	14,599	6,331	20,930
2	**Total lease liabilities**	**14,599**	**6,331**	**20,930**

Table 21.2 Analysis of lease liabilities by maturities as at 31 December 2019

(UAH '000)

Line	Item	Less than 12 months	More than 12 months	Total
1	2	3	4	5
1	Lease liabilities	11,041	11,114	22,155
2	**Total lease liabilities**	**11,041**	**11,114**	**22,155**

Note 22. Derivative financial liabilities

Table 22.1 Derivative financial liabilities

(UAH ‘000)

Line	Item	31/12/2020	31/12/2019
1	2	3	4
1	Revaluation of foreign currency sale/purchase forward contracts	-	411
2	**Total derivative financial assets**	**-**	**411**

Note 23. Subordinated debt

Table 23.1 Subordinated debt liabilities

(UAH ‘000)

Line	Item	31/12/2020	31/12/2019
1	2	3	4
1	Subordinated debt	47,508	99,799
2	Interest accrued on subordinated debt	287	697
3	**Total liabilities on subordinated debt**	**47,795**	**100,496**

Amounts of this note are used in the line “Subordinated debt” of the Statement of financial position (Balance sheet).

Subordinated debt denominated in UAH was attracted by the Bank from a resident legal entity in November 2013 in the amount of UAH 60,000 thousand.

The subordinated debt was drawn for 14 years until 2027 at an interest rate of 8.95% per annum.

In case of the Bank's liquidation, the subordinated debt will be repaid after the claims filed by all other creditors have been met.

In 2017, the Bank substituted the investor under subordinated debt for a non-resident entity and obtained respective permit from the National Bank of Ukraine.

In 2018, the Bank attracted 2 additional USD deposits from a resident individual in the amount of UAH 46,524 thousand for 10 years with a maturity in 2028 at the interest rates of 8% and 9.5% per annum.

In 2020, the Bank obtained a permit from the National Bank of Ukraine for early termination of the subordinated debt agreement with the non-resident investor and returned funds in the amount of UAH 60,000 thousand. The non-resident investor (shareholder) decided to use these funds to provide the Bank with non-refundable financial assistance, for which the Bank received a required permission from the National Bank of Ukraine to include these funds in the additional capital of the Bank.

Note 24. Share capital and share premium

(UAH ‘000)

Line	Item	Number of outstanding shares (in thousands)	Ordinary shares	Total
1	2	3	4	5
1	Balance as at 31/12/2019	300	300,000	300,000
2	**Balance as at 31/12/2020**	**300**	**300,000**	**300,000**

The amounts in this note are used in the line 24 ***“Authorised share capital” of the Statement of financial position (Balance sheet)***.

The number of shares declared for issue: 300,000 (three hundred thousand) shares.

The number of shares issued and paid up: 300,000 (three hundred thousand) shares.

The face value of one share: UAH 1,000 (one thousand hryvnias).

There are no preferences or restrictions imposed on the Bank's shares.

There are no options or sale contracts.

No decision to change the Bank’s share capital has been adopted since its incorporation.

Note 25. Maturity analysis of assets and liabilities

Based on the requirements of paragraphs 60, 63 of IAS 1 *Presentation of Financial Statements*, management of the Bank believes that the presentation of the assets and liabilities in in either ascending or descending order of respective liquidity ratios makes the disclosures more relevant and reliable than presentation of such information based on determination of current indicators, whereas the Bank does not deliver goods or services within an operating cycle that can be identified clearly. Therefore, balances on transactions with assets and liabilities have been presented in light of their contractual maturities.

Given that:

- actual maturities of targeted loans for purchase of vehicles and property when the Bank’s customers repay loans much earlier than the contractual payments;
- maturities of individuals’ deposits when the vast majority of depositors normally renew their deposits,

the Bank’s management believes that liquidity gaps will have an immaterial effect on the Bank's operations.

Line	Item	Notes	31/12/2020			31/12/2019		
			less than 12 months	more than 12 months	*Total*	less than 12 months	more than 12 months	*Total*
1	2	3	4	5	6	7	8	9
ASSETS								
1	Cash and cash equivalents	6	361,640	-	361,640	523,998	-	523,998
2	Investments in securities	7	2,114,392	290,995	2,405,387	1,111,790	430,328	1,542,118
3	Loans and advances to customers	8	1,286,865	1,037,332	2,324,196	1,078,367	517,973	1,596,340
4	Investment property	9	-	62,172	62,172	-	89,872	89,872
5	Income tax refundable		-	-	-	545	-	545
6	Deferred tax assets		3,153	-	3,153	-	20,000	20,000
7	Property, equipment and intangible assets	10	-	150,243	150,243	-	97,039	97,039
8	Right-of-use assets	11	2,742	17,828	20,570	2,566	19,949	22,515
9	Derivative financial assets		18	-	18	-	-	
10	Other assets	12	21,705	-	21,705	5,120	-	5,120
11	Other financial assets	13	19,969	8,533	28,502	14,448	-	14,448
12	Non-current assets held for sale and disposal groups	14	-	-	-	-	15,011	15,011
13	**Total assets**		**3,810,484**	**1,567,102**	**5,377,586**	**2,736,834**	**1,190,172**	**3,927,006**
LIABILITIES								
14	Due to banks	15	-	655,890	655,890	54,149	-	54,149
15	Due to customers	16	3,616,354	411,336	4,027,690	3,038,658	314,013	3,352,671
15	Debt securities issued by the Bank	17	187	-	187	280	-	280
16	Provisions for liabilities	18	9,439	580	10,019	8,136	4,546	12,682
17	Lease liabilities	21	14,363	6,567	20,930	11,041	11,114	22,155
18	Other liabilities	20	31,293	8,155	39,448	25,765	-	25,765
19	Other financial liabilities	19	47,183	39,945	87,128	32,901	-	32,901

20	Derivative financial liabilities	22	-	-	-	411	-	411
21	Subordinated debt	23	287	47,508	47,795	697	99,799	100,496
22	Income tax payable		313	-	313	-	-	-
23	**Total liabilities**		**3,719,419**	**1,169,981**	**4,889,400**	**3,172,038**	**429,472**	**3,601,510**

Note 26. Interest income and expense

('000 UAH)

Line	Item	31/12/2020	31/12/2019
1	2	3	4
INTEREST INCOME CALCULATED USING THE EFFECTIVE INTEREST RATE			
Interest income on financial assets at AC			
1	Loans and advances to customers	459,087	362,598
2	Due from banks	1,802	2,002
3	Correspondent accounts in other banks	-	126
4	Debt securities	18,961	12,891
5	Total interest income on financial assets at amortized cost	479,850	377,617
OTHER INTEREST INCOME AT FVTPL			
6	Loans and advances to customers	165	70
7	Debt securities	89,147	47,504
8	Other	-	39
9	Total interest income on financial assets at FVTPL	89,312	47,613
10	**Total interest income**	**569,162**	**425,230**
INTEREST EXPENSES CALCULATED USING THE EFFECTIVE INTEREST RATE			
Interest expense on financial liabilities at amortized cost			
11	Term deposits from legal entities	(78,882)	(58,085)
12	Other borrowed funds	(131,885)	-
13	Term deposits from individuals	(1,369)	(120,926)
14	Term deposits from other banks	(13,239)	(34,571)
15	Current accounts	(39,593)	(50,428)
16	Debt securities issued by the Bank	(2)	(36)
17	Lease liabilities	(3,489)	(3,294)
18	Interest expense on subordinated debt	(8,877)	(9,190)
	Interest expense per equity instrument containing write-off/conversion covenants	(2,665)	-
19	Total interest expense calculated using the effective interest rate	(280,001)	(276,530)
20	**Total interest expense**	**(280,001)**	**(276,530)**
21	**Net other income/(expense)**	**289,161**	**148,700**

The amounts in this note are used to fill in lines 1, 2 and 3 ("Net interest income") of the Statement of profit or loss and other comprehensive income (Income statement).

Note 27. Commission income and expense

('000 UAH)

Line	Item	31/12/2020	31/12/2019
1	2	3	4
FEE AND COMMISSION INCOME:			
1	Cash payments and withdrawals	85,633	129,645
2	Transactions with securities	882	990
3	Fee and commission income from currency market transactions	15,156	14,015
4	Agent's fee and commission income	290	932
5	Commissions for servicing loans and credit-related commitments	20,179	16,596
6	Other	1,600	1,294
7	Guarantees provided	55,375	27,535
8	**Total fee and commission income**	**179,115**	**191,007**
COMMISSION EXPENSE:			
9	Cash payments and withdrawals	(14,204)	(11,844)
10	Payment card transactions	(5,948)	(5,536)
11	Other	(8)	(7)
12	**Total fee and commission expense**	**(20,160)**	**(17,387)**
13	**Net commission income/expense**	**158,955**	**173,620**

The amounts in this note are used in the Statement of profit or loss and other comprehensive income (Income statement).

Note 28. Other operating income

('000 UAH)

Line	Item	31/12/2020	31/12/2019
1	2	3	4
1	Gains from investment property leasing	931	929
2	Operating lease (rental) income from other property	1,258	1,251
3	Income from lending related services	4,743	-
4	Income from revaluation of investment property	5,040	-
5	Income from insurance agency services	29,162	22,132
6	Income from advisory services	-	4,170
7	Gains from disposal of property, equipment and intangible assets	-	57
8	Fines and penalties collected	1,231	2,874
9	Income from derecognition of financial liabilities	34,907	4,170
10	Income from termination of deposit agreements	829	-
11	Income from recovery of litigation costs, other charges/penalties	569	-
12	Repayment of bad debt previously written off	1,126	-
13	Other	744	1,692
14	**Total operating income**	**80,540**	**37,275**

The amounts in this note are used in the line "Other operating income" of the Statement of profit or loss and other comprehensive income (Income statement).

Note 29. Administrative and other operating expenses

Table 29.1 Employee benefits expense

('000 UAH)

Line	Item	31/12/2020	31/12/2019
1	2	3	4
1	Salaries and bonuses	(265,820)	(185,905)
2	Payroll accruals	(30,310)	(23,360)
3	Other employee benefits	(1,340)	(991)
4	**Total personnel expenses**	**(297,470)**	**(210,256)**

Table 29.2 Depreciation/amortisation expense

('000 UAH)

Line	Item	31/12/2020	31/12/2019
1	2	3	4
1	Depreciation of property and equipment	(9,104)	(7,926)
2	Amortisation of software and intangible assets	(10,762)	(8,281)
3	Depreciation of investment property	-	(2,141)
4	Income from adjustment of the depreciation charges of investment property accumulated during the previous years in connection with transition to fair value basis of accounting	5,148	-
5	Amortisation of right-of-use asset	(13,935)	(9,991)
6	**Total depreciation/amortisation expense**	**(28,653)**	**(28,339)**

Table 29.3 Other administrative and other operating expenses

('000 UAH)

Line	Item	31/12/2020	31/12/2019
1	2	3	4
1	Maintenance of property, equipment and intangible assets, telecommunications and other utilities, operating services	(18,386)	(16,472)
2	Operating lease expense	(27)	(3,402)
3	Professional services	(2,128)	(1,914)
4	Marketing and advertising expenses	(2,937)	(1,633)
5	Insurance expenses	(1,458)	(3,755)
6	Payment of other taxes and duties, other than income tax	(11,858)	(10,514)
7	Legal services, notary services, property valuation	(1,026)	(3,364)
8	Household expenses	(3,227)	(3,490)
9	Payments processor services	(2,811)	(2,497)
10	Other administrative expenses	(695)	(8,966)
11	Sponsorship and charity, contributions to benefit plans	(1,236)	(750)
12	Penalties, fines paid by the Bank	(245)	(17)
13	Negative result from disposal of property, equipment and intangible assets	(106)	(6)
14	Negative result from revaluation of investment property	(65,220)	-
15	Security expenses	(562)	(789)
16	Expenses on financial advisory services received	(16,507)	(20,818)
17	Other	(26,986)	(14,836)
18	**Total administrative and other operating expenses**	**(155,414)**	**(93,223)**

The amounts in this note are used in the Statement of profit or loss and other comprehensive income (Income statement).

Table 29.4 Income from reversal of impairment / (impairment) of investment property

Line	Item	31/12/2020	31/12/2019
1	2	3	4
1	Income from reversal of impairment / (impairment) of investment property	72,536	(37)

Note 30. Income tax expense

In the reporting and previous periods, the Bank did not incur any income tax expenses. For this reason, the table “Income tax expenses” was not filled.

Table 30.1. Reconciliation of expected and actual tax expense

('000 UAH)

Line	Item	31/12/2020	31/12/2019
1	2	3	4
1	**Profit before tax**	110,395	44,942
2	Theoretical tax deductions at applicable tax rate (18%)	(19,871)	(8,090)
3	Expenses not included in tax expense	(16,309)	1,138
4	Accumulated tax losses	18,305	(5,666)
5	Non-recognition of deferred tax asset	170	12,618
6	Income tax benefit/(expense) for the year	(17,705)	-

The Bank recognised a deferred tax asset on the basis of the Bank's financial model approved for 2020-2021 and key profitability ratios set for 2020-2021.

Table 30.2. Tax effects attributable to recognized deferred tax assets and deferred tax liabilities as at 31 December 2020

Line	Item	Balance as at 1 January 2020	Reclassification to non-current assets available for sale	Recognized in profits/losses	Recognised in equity	Balance as at 31 December 2020
1	2	3	4	5	6	7
1	Carrying amount of property, equipment and intangible assets	13,484	-	(10,724)	-	2,760
2	Negative result from selling securities	4,728	-	(4,728)	-	-
3	Write down of securities	392	-	(327)	-	65
4	Carry-forward of tax losses for previous periods	1,566	-	(1,566)	-	-
5	Non-recognition of deferred tax asset	(170)	-	170	-	-
6	**Net deferred tax asset / (liability)**	**20,000**	-	**(17,175)**	-	**2,825**
7	Recognized deferred tax asset	20,000	-	(17,175)	-	2,825

Table 30.3. Tax effects attributable to recognized deferred tax assets and deferred tax liabilities as at 31 December 2019

('000 UAH)

Line	Item	Balance as at 1 January 2019	Reclassification to non-current assets available for sale	Recognized in profits/losses	Recognised in equity	Balance as at 31 December 2019
1	2	3	4	5	6	7
1	Carrying amount of property, equipment and intangible assets	13,348	-	136	-	13,484
2	Negative result from selling securities	3,399	-	1,329	-	4,728
3	Write down of securities	719	-	(327)	-	392
4	Carry-forward of tax losses for previous periods	15,322	-	(13,756)	-	1,566
5	Non-recognition of deferred tax asset	(12,788)	-	12,618	-	(170)
6	**Net deferred tax asset / (liability)**	**20,000**	-	-	-	**20,000**
7	Recognized deferred tax asset	20,000	-	-	-	20,000

Note 31. Earnings/(loss) per ordinary and preference share

Table 31.1. Basic and diluted earnings per one ordinary and preference share.

('000 UAH)

Line	Item	31/12/2020	31/12/2019
1	2	4	5
1	Profit/(loss) attributable to the owners of the ordinary shares of the bank	92,690	44,942
3	**Profit/(loss) for the year**	**92,690**	**44,942**
4	Annual average number of ordinary shares outstanding (in thousands of shares)	300	300
6	**Basic and diluted earnings/(loss) per ordinary share (UAH)***	**308.97**	**149.80**

*Nominal value of one share is UAH 1,000.00.

The amounts in this note are used in the line "Basic and diluted earnings per ordinary and preference share" of the Statement of profit or loss and other comprehensive income (Income statement).

The number and nominal value of the shares are disclosed in Note 25 "Share capital and share premium".

Note 32. Operating segments

The Bank's segments represent strategic business units targeting different customers. They are managed separately since each business unit requires different marketing strategies and service levels.

Table 32.1. Operating segments income, expenses and results as at 31 December 2020

(UAH '000)

Line	Item	Reporting segments			Other segments and operations	Total
		services to corporate customers	services to individuals	investment banking		
1	2	3	4	5	6	7
	Gains from external customers:					
1	Interest income	188,999	270,253	109,910	-	569,162
2	Fee and commission income	135,197	38,059	5,859	-	179,115
3	Other operating income	35,660	2,433	-	114,982	153,076
4	**Total segment income**	**359,856**	**310,745**	**115,769**	**114,982**	**901,353**

5	Interest expense	(110,976)	(142,874)	(14,610)	(11,542)	(280,002)
6	Contributions to provision for impairment of loans and due from banks	(34,692)	(55,898)	-	-	(90,590)
7	Contributions to provision for impairment of receivables and other financial assets	(5,513)	-	-	(578)	(6,091)
8	Gains less losses from dealing in financial instruments through profit or loss	-	-	65,876	-	65,876
9	Gains less losses arising from dealing in foreign currencies	-	-	130	-	130
10	Result of revaluation of foreign currency	-	-	17,829	-	17,829
11	Fee and commission expense	(18)	(9,831)	(10,311)	-	(20,160)
12	Contributions to provisions for liabilities	3,589	-	-	-	3,589
13	Administrative and other operating expenses	-	-	-	(481,537)	(481,537)
14	Income tax expense	-	-	-	(17,705)	(17,705)
15	**SEGMENT RESULT:**	**212,246**	**102,142**	**174,683**	**(396,381)**	**92,690**

In 2020, PJSC “CB GLOBUS” did not have counterparties accounting for more than 10% of the Bank’s revenues.

Table 32.2. Income, expenses and results of operating segments as at 31 December 2019

(UAH ‘000)

Line	Item	Reporting segments			Other segments and operations	Total
		services to corporate customers	services to individuals	investment banking		
1	2	3	4	5	6	7
	Gains from external customers:					
1	Interest income	154,345	208,362	62,523	-	425,230
2	Fee and commission income	153,775	30,734	6,498	-	191,007
3	Other operating income	7,158	26,302	-	3,815	37,275
4	**Total segment income**	**315,278**	**265,398**	**69,021**	**3,815**	**653,512**
5	Interest expense	(96,347)	(136,422)	(34,571)	(9,190)	(276,530)
6	Contributions to provision for impairment of loans and due from banks	(72,939)	(6,424)	-	-	(79,363)
7	Contributions to provision for	1,992	-	-	-	1,992

	impairment of receivables and other financial assets					
8	Gains less losses from dealing in financial instruments through profit or loss	-	-	21,967	-	21,967
9	Gains less losses arising from dealing in foreign currencies	-	-	63,837	-	63,837
10	Result of revaluation of foreign currency	-	-	11,290	-	11,290
11	Fee and commission expense	(6,220)	(11,167)	-	-	(17,387)
12	Contributions to provisions for liabilities	(2,521)	-	-	-	(2,521)
13	Administrative and other operating expenses	(20,818)	(2,497)	-	(308,540)	(331,855)
14	Income tax expense	-	-	-	-	-
15	**SEGMENT RESULT:**	**118,425**	**108,888**	**131,544**	**(313,915)**	**44,942**

In 2019, PJSC CB GLOBUS did not have counterparties accounting for more than 10% of the Bank's revenues.

Table 32.3. Assets and liabilities of operating segments for the reporting period as at 31 December 2020 (UAH '000)

Line	Item	Reporting segments			Other segments and operations	Total
		services to corporate customers	services to individuals	investment banking activity		
1	2	3	4	5	6	7
	SEGMENTS ASSETS					
1	Segments assets	1,174,277	1,158,447	2,405,388	236,138	4,974,250
2	Unallocated assets	-	-	-	403,336	403,336
3	**Total assets**	**1,174,277**	**1,158,447**	**2,405,388**	**639,474**	**5,377,586**
	SEGMENTS LIABILITIES					
4	Segment liabilities	2,824,875	1,202,815	656,076	47,796	4,731,562
5	Unallocated liabilities	-	-	-	157,838	157,838
6	**Total liabilities**	**2,824,875**	**1,202,815**	**656,076**	**205,634**	**4,889,400**

Subordinated debt is recognized in line 5 "Other segments and operations", column 6.

Unallocated assets include cash, precious bank metals, correspondent account in the National Bank of Ukraine, other assets, other financial assets.

Unallocated liabilities include derivative financial liabilities, other liabilities, other financial liabilities, lease liabilities.

Table 32.4. Assets and liabilities of operating segments as at 31 December 2019

(UAH '000)

Line	Item	Reporting segments			Other segments and operations	Total
		services to corporate customers	services to individuals	investment banking activity		
1	2	3	4	5	6	7
	SEGMENT ASSETS					
1	Segments assets	657,019	939,320	1,776, 047	229,971	3,602, 357
2	Non-current assets, available for sale (or disposal groups)	-	-	-	15,011	15,011
3	Unallocated assets	-	-	-	309,638	309,638
4	**Total assets**	**657,019**	**939,320**	**1,776,047**	**554,620**	**3,927,006**
	SEGMENTS LIABILITIES					
5	Segment liabilities	2,108,329	1,257,304	54,149	100,496	3,520,278
6	Unallocated liabilities	-	-	-	81,232	81,232
7	**Total liabilities**	**2,108,329**	**1,257,304**	**54,149**	**181,728**	**3,601,510**

Table 32.5. Geographical segments

(UAH '000)

Line	Item	2020			2019		
		Ukraine	Other countries	Total	Ukraine	Other countries	Total
1	External revenues	906,500	-	906,500	653,512	-	653,512
2	Property and equipment	212,415	-	212,415	186,911	-	186,911

Note 33. Gains less losses from dealing in financial assets at fair value through profit or loss

Table 33.1. Gains less losses from dealing in financial assets at fair value through profit or loss as at 31 December 2020

(UAH '000)

Line	Item	Gains less losses from dealing in financial assets at FVTPL
1	2	3
1	Government bonds	46,737
2	Other securities	3
3	Total gains less losses from dealing in debt securities at fair value through profit or loss	46,740
4	Foreign currency sale and purchase	18,809
5	Loans at fair value through profit or loss	101
6	Financial liabilities at fair value through profit or loss	226
7	Total gains less losses from dealing in financial assets at fair value through profit or loss	65,876

Table 33.2. Gains less losses from dealing in financial assets at fair value through profit or loss as at 31 December 2019.

(UAH '000)

Line	Item	Gains less losses from dealing in financial assets at FVTPL
1	2	3
1	Government bonds	2,336
2	Other securities	0
3	Total gains less losses from dealing in debt securities at fair value through profit or loss	2,336
4	Foreign currency sale and purchase	19,631
5	Total gains less losses from dealing in financial assets at fair value through profit or loss	21,967

Note 34. Financial risk management

Credit risk is defined as existing or contingent risk affecting the Bank's profits and equity and arising in connection with default of a counterparty on its obligations per any financial transaction with the Bank or failure to honour its obligations otherwise.

The main purpose of risk management is to create an efficient management system to achieve the Bank’s current and strategic objectives using appropriate measures and instruments for managing and controlling risks arising from external environments, asset and liability structure and operations of the Bank.

The main governance body responsible for the credit risk management is the Board of the Bank authorized to design and implement the Bank's credit risk management system based on internal regulations, procedures, policies, etc. Decisions on approval of loans, factoring transactions, issue of guarantees and other commitments on behalf of third persons envisaging their performance in the monetary form, and on leasing transactions in the Bank are adopted on a collegiate basis by the Credit Committee. The Bank has implemented a system of limits on unsecured transactions on placement of funds or sale of financial instruments on the interbank market that are approved during the sittings of the Assets and Liabilities Management Committee of the Bank.

The Bank's policy stipulates calculation of understandable and consistent credit ratings of the loans within the Bank's portfolio, which ensures a persistent management of the underlying risks and comparison of the credit risks within all lines of business of the Bank. Respective risk ratings are analysed on a regular basis.

For the purposes of their rating and evaluation, credit risks are categorized into individual and portfolio risks (bringing rise to specific and collective impairment). Individual credit risks arise in connection with transactions with individual counterparties of the Bank. Evaluation of the individual credit risk requires assignment of a unique credit rating to each such individual counterparty. Portfolio credit risk causes impairment of the assets of the Bank. Evaluation of the portfolio credit risk requires to analyse assets concentration and diversification.

To manage its collective credit risks on the level of its loans portfolio, the Bank applies the following techniques:

- loans portfolio diversification;
- establishment of limits;
- accrual of provisions;
- regular analysis of the loans portfolio quality.

To manage its individual credit risks, the Bank applies the following techniques:

- regular monitoring of financial position of its borrowers and securities issuers;
- monitoring of compliance with established limits and ratios;
- monitoring of collaterals obtained to secure loans granted (regular inspections and revaluations of the collaterals, assessment of impairment of collaterals during the lives of the underlying loans).

Individual credit risk is mitigated by way of:

- obtaining collateral;
- transfer of risks (insurance);
- staged lending process;
- application of higher interest rates where appropriate.

The Bank has established all required provisions for credit transactions during the reporting year. Furthermore, the Bank was in compliance with the statutory ratios of large credit exposures. The credit risk ratios were as follows as at 31 December 2020:

- (N7) – ratio of maximum concentration of credit risk per single counterparty – 16.00%

- (N8) – large credit risks ratio – 16.00%.

Market risk is the existing or potential risk to the Bank's earnings and capital arising from adverse fluctuations in the value of securities and commodities and in foreign exchange rates on the instruments in the trading portfolio. This risk arises in connection with dealing transactions, acceptance of positions in debt and equity securities, currencies, commodities and derivative instruments.

In accordance with the strategy, adopted by the Bank, the acceptable market risk limits are adhered by way of:

- optimization of positions in key currencies, securities and other financial and derivative instruments held for trading;
- approval of limits on open positions;
- compliance with currency positions ratios and limits.

The Bank's market risk management system was designed and implemented based on internal regulations, procedures, policies, etc., approved by the Board of the Bank.

Analysing the short term strategy of the Bank's development, it is possible to note that the Bank does not intend to extensively utilize its both on- and off-balance sheet investments, therefore, the Bank is not exposed to significant market risks arising in connection with adverse fluctuations of derivative instruments prices.

Currency risk is the likelihood that changes in foreign exchange rates will lead to losses resulting from changes in the market value of assets or liabilities. Currency risk can be divided into:

- transaction risk;
- foreign currency translation; and
- economic currency risk.

Currency risks arise from foreign exchange rates fluctuations. Sharp foreign exchange rate fluctuations may be caused by both economic and political reasons. The main factor influencing the exposure to foreign currency risk is the Bank's currency position.

The goal of effective currency risk management is to secure the Bank's profit and capital and ensure that the Bank's currency risk profile meets the Bank's estimates of future exchange rate changes.

The effect of foreign exchange rate changes is assessed by evaluating the Bank's open currency position.

Exposure to foreign currency risk is measured by:

- open currency position by each foreign currency (i.e. mismatch between on and off-balance sheet items);
- movements in foreign exchange rates determined by market conditions;
- qualification and correctness of measures taken by those who execute agreements on behalf of the Bank, that is, assets and liabilities management.

Under volatile conditions in the financial market, the currency position is managed by the limiting method. An open currency position limit implies quantitative restriction of the open currency position to equity ratio. Limits are imposed to put bounds to the risk related to exchange rate fluctuations that the Bank is ready to assume. A limit is set for each separate currency.

Interest rate risk is an existing or potential risk to earnings or capital arising from adverse changes in interest rates. This risk affects both the profitability of the Bank and the economic value of its assets, liabilities and off-balance sheet instruments. Hence, the Bank has to place borrowed funds at a higher interest rate linked to a certain maturity. To ensure higher profitability, management should maintain a broader margin between borrowing and lending interest rates based on their maturities. As a part of its assets and liabilities management, the Bank manages the maturities of its rate-sensitive assets and liabilities by gap analysis. Interests on the Bank's assets and liabilities are charged at a fix interest rate. Management Board is the main collective body of the Bank in charge of managing its interest rate risks. Assets and Liabilities Management Committee is vested with interest rate risk policy implementation and decision making functions.

Analysis, Planning and Risk Management Office evaluates liabilities and return on assets, performs gap analysis of the Bank's assets and liabilities, evaluates the Bank's net interest margin and spread, and advises ALCO on changes of interest rates on deposit and credit products.

Operational risk is a potential risk to the Bank's existence arising from deficiencies in corporate governance, internal controls or inadequacy of informational technologies and data processing processes in terms of manageability, versatility, reliability, controllability and continuity of these technologies. Operational risk also arises from inadequacy of IT strategy, policies and utilisation. Other aspects of operational risk include force majeure events such as fire or natural disaster.

Operational risk control framework includes procedures and controls over the risks inherent to the Bank's operations, including compliance control in respect of the Bank's accounting policies and NBU regulations regarding asset valuation methods and reports, IT system controls, and failure-free operation controls, including backup copying and data recovery processes, as well as reserve systems to be used in case of loss of access to or destruction of critical information or technology.

Liquidity risk is an existing or potential risk that arises from the Bank's failure to meet its obligations in due time, without incurring unacceptable losses.

The Bank has the Liquidity and solvency framework in place for liquidity and solvency management purposes. The system addresses two main objectives: the management of the Bank's current payment position, and the management of the Bank's solvency and liquidity for a pre-defined term.

Management Board of the Bank is the principal authority for managing the Bank's liquidity risk. Its powers and capacities include elaboration of liquidity risk policy, as well as approval of relevant policies, guidelines and procedures.

The Bank's Asset and Liability Committee is the executive committee of the Management Board, which is responsible for implementation of the liquidity management policy, making current decisions related to liquidity management and approval of internal limits of the Bank. The Bank's liquidity management framework can be divided into three components: day-to-day liquidity management, current liquidity management and long-term liquidity management.

The Bank's key liquidity management methods include:

- analysis of actual liquidity and solvency of the Bank;
- estimation of liquidity and solvency considering planned transactions and measures;
- imposing of limits on the Bank's transactions and setting of liquidity and solvency limits;

- planning of the Bank’s transactions, adjusting their terms, etc. for liquidity and solvency management purposes.

During the reporting year, there were no breaches of liquidity ratios.

As at 31 December 2020, the Bank’s liquidity ratios were as follows:

- N6 - short-term liquidity ratio: 95.14%;
- weighted average LCR for all currencies: 177.1625%;
- weighted average LCR in foreign currency: 111.4270%.

Currency risk

Table 34.1. Currency risk analysis

(UAH '000)

Line	Currency	31/12/2020				31/12/2019			
		monetary assets	monetary liabilities	derivative financial instruments	net position	monetary assets	monetary liabilities	derivative financial instruments	net position
1	2	3	4	5	6	7	8	9	10
1	USD	297,941	(281,745)	-	16,196	375,834	(337,857)	16,901	54,878
2	EUR	80,974	(89,190)	-	(8,216)	165,186	(150,054)	-	15,132
3	XAU	7,094	(203)	-	6,891	1,386	(930)	-	456
4	Other	5,973	(6,187)	-	(214)	4,729	(4,898)	-	(169)
5	Total	391,982	(377,325)	-	14,656	547,134	(493,739)	16,901	70,297

Table 34.2. Impact on profit or loss and equity of potential changes in the official exchange rates of UAH to foreign currencies ruling on the reporting date based on the assumption of that all other variables will remain constant

The tables below present the amounts in the currencies exposing the Bank to a significant currency risk as at 31 December 2020 considering monetary assets and liabilities not held for trading and expected cash flows.

The analysis envisages assessment of the impact of potential reasonable changes in exchange rates of foreign currencies to the Ukrainian hryvnia based on the assumption of invariance of all other variables disclosed in the Income statement of the Bank (due to existence of monetary assets and liabilities not held for trading, whose fair values are sensitive to the changes in the foreign exchange rates). The impact on equity does not differ from the impact on the Income statement. The negative value presented in the table reflects potential net decrease of the amounts in the Income statement or in equity, while the positive values reflect the potential net increases.

Line	Item	31/12/2020		31/12/2019	
		impact on profit/(loss)	impact on equity	impact on profit/(loss)	impact on equity
1	2	3	4	5	6
1	USD strengthening by 5 %	810	810	2,744	2,744
2	USD strengthening by 15 %	2,429	2,429	8,232	8,232
3	US Dollar weakening by 5 %	(810)	(810)	(2,744)	(2,744)
4	Euro strengthening by 5 %	(411)	(411)	757	757
5	Euro strengthening by 15 %	(1,232)	(1,232)	2,270	2,270
6	Euro weakening by 5 %	411	411	(757)	(757)

7	XAU strengthening by 5 %	345	345	23	23
8	XAU weakening by 5 %	(345)	(345)	(23)	(23)
9	Strengthening of other currencies by 5%	(11)	(11)	(8)	(8)
10	Weakening of other currencies by 5%	11	11	8	8

The sum of lines 9 and 10 comprises the amounts in the following currencies: Swiss franc (CHF), pound sterling (GBP), Russian ruble (RUB), Belarussian ruble (BYN), Polish zloty (PLN), and silver.

Table 34.3. Changes in profit or loss and equity due to possible changes in the official exchange rates of UAH to foreign currencies set as a weighted average FX rate, provided that all other variables remain unchanged

Line	Item	Weighted average FX rate, 2020		Weighted average FX rate, 2019	
		impact on profit/(loss)	impact on equity	impact on profit/(loss)	impact on equity
1	USD strengthening by 5 %	773	773	2,991	2,991
2	USD strengthening by 15 %	2,319	2,319	8,973	8,973
3	US Dollar weakening by 5 %	(773)	(773)	(2,991)	(2,991)
4	Euro strengthening by 5 %	(365)	(365)	828	828
5	Euro strengthening by 15 %	(1,094)	(1,094)	2,484	2,484
6	Euro weakening by 5 %	365	365	(828)	(828)
7	XAU strengthening by 5 %	311	311	23	23
8	XAU weakening by 5 %	(311)	(311)	(23)	(23)
9	Strengthening of other currencies by 5%	(10)	(10)	(9)	(9)
10	Weakening of other currencies by 5%	10	10	9	9

The sum of lines 9, 10 comprises the amounts in the following currencies: Swiss franc (CHF), pound sterling (GBP), Russian ruble (RUB), Belarussian ruble (BYN), Polish zloty (PLN), and silver.

Interest rate risk

Interest rate risk is the existing or contingent risk adversely affecting the Bank's profits and equity that arises as the result of adverse movements in the interest rates. This risk affects both the Bank's profit and economic value of its assets, liabilities and off-balance sheet instruments.

Table 34.4. General analysis of the interest rate risk

(UAH '000)

Line	Item	On demand and less than 1 month	1 to 12 months	More than 1 year	Non-monetary	Total
1	2	3	4	5	6	7
	2020					
1	Total financial assets	497,577	1,889,577	1,099,515	-	3,486,669
2	Total financial liabilities	156,601	865,002	930,030	-	1,951,634
3	Net gap on interest rates at the end of the previous period	340,976	1,024,575	169,485	-	1,535,035
	2019					
4	Total financial assets	1,304,338	826,813	1,260,031	-	3,391,183
5	Total financial liabilities	360,898	901,251	412,478	-	1,674,627
6	Net gap on interest rates at the end of the previous period	943,440	(74,438)	847,554	-	1,716,555

The table above presents the financial assets and financial liabilities sensitive to the changes in the interest rates.

Below summarized are the principal types of risk of changes of the interest rates encountered by the Bank:

- risk of changes in the cost of funding arising in connection with the gap between the banking assets and liabilities maturities (for fixed interest rates instruments);

- risk of yield curve changes arising in connection with changes in the degree of curvature and shape of the yield curve;

- basis risk is the risk of changes in the interest rate that arises from the imperfect correlation in the adjustment of the rates earned and paid by the Bank on different instruments with otherwise similar repricing characteristics. This risk is not inherent to the Bank.

The Bank's portfolios do not contain any variable interest rates subject to revision depending on the changes in the basis interest rate.

When assessing its interest rate risk applying the GAP-analysis technique, the Bank focuses on the issues of short-term management of its profits, their stabilization, and improvement of their quality.

Table 34.5. Monitoring of interest rates on financial instruments

(%)

Line	Item	2020				2019			
		UAH	USD	EUR	other	UAH	USD	EUR	other
1	2	3	4	5	6	7	8	9	10
	Assets								
1	Cash and cash equivalents	6.47	-	-	-	-	-	-	-
2	Debt securities held for trading	7.60	3.00			15.50	7.93	-	-
3	Loans and advances to customers	17.86	8.30	8.23	-	20.06	5.10	-	-
	Liabilities								
4	Due to banks	6.05	-	-	-	15.15	-	-	-
5	Due to customers	7.44	0.91	0.60	-	10.42	2.95	1.36	4.43
5.1	current accounts	2.50	0.19	0.04	-	4.78	0.36	0.12	-
5.2	term deposits	12.34	1.94	1.56	-	17.19	4.09	3.28	4.50
6	Other liabilities	-	-	-	-	-	-	-	-
7	Subordinated debt	-	8.86	9.50	-	9.1	8.87	-	-

The Bank accrues interest on assets and liabilities management transactions applying a fixed interest rate.

Geographic risk is the risk of losses for the Bank as the result of default of customers or counterparties operating in any specific country and, respectively, affected by the country-specific risks. Whereas the Bank operates predominantly within the territory of Ukraine, geographic risk is an insignificant and secondary segment that does not have any significant impact on the Bank's operations.

Table 34.6. Analysis of geographical concentration of financial assets and liabilities as at 31 December 2020.

('000 UAH)

Line	Item	Ukraine	OECD	Other countries	Total
1	2	3	4	5	6
	Assets				
1	Cash and cash equivalents	360,950	0	690	361,640
2	Investments in securities	2,405,387	0	0	2,405,387
3	Loans and advances to customers	2,315,991	8,205	0	2,324,196
4	Other financial assets	50,223	0	1	50,224
5	**Total financial assets**	**5,132,551**	**8,205**	**691**	5,141,447
	Liabilities				
6	Due to other banks	655,890	0	0	655,890
7	Due to customers	3,989,426	9,494	28,770	4,027,690
8	Debt securities issued by the Bank	187	0	0	187
9	Other financial liabilities	117,331	4	232	117,567
10	Subordinated debt	88,066	0	0	88,066
11	**Total financial liabilities**	**4,850,899**	**9,498**	**29,003**	4,889,400
12	Net balance sheet position on financial instruments	281,652	(1,293)	(28,311)	252,048
13	Credit related commitments	1,593,724	250	25,233	1,619,207

Table 34.7. Analysis of geographical concentration of financial assets and liabilities as at 31 December 2019.

('000 UAH)

Line	Item	Ukraine	OECD	Other countries	Total
1	2	3	4	5	6
	Assets				
1	Cash and cash equivalents	522,251	-	1,747	523,998
2	Investments in securities	1,542,118	-	-	1,542,118
3	Loans and advances to customers	1,596,340	-	-	1,596,340
4	Other financial assets	14,443	2	3	14,448
5	**Total financial assets**	**3,675,152**	**2**	**1,750**	**3,676,904**
	Liabilities				

6	Due to other banks	54,149	-	-	54,149
7	Due to customers	3,326,419	24,389	1,863	3,352, 671
8	Debt securities issued by the Bank	280	-	-	280
9	Other financial liabilities	32,898	3	-	32,901
10	Subordinated debt	40,040	-	60,456	100,496
11	**Total financial liabilities**	**3,453,786**	**24,392**	**62,319**	**3,540,497**
12	Net balance sheet position on financial instruments	221,366	(24,390)	(60,569)	136,407
13	Credit related commitments	1,120,071	61,953	-	1,182,024

Liquidity risk

The Bank manages its liquidity risks primarily applying the technique of maturity analysis of its assets and liabilities. The Bank analyses its liquidity risks in light of maturities based on discounted cash flows.

Table 34.8. Maturity analysis of financial liabilities as at 31 December 2020

('000 UAH)

Line	Item	On demand and up to 1 month	1 to 12 months	12 months to 5 years	Over 5 years	Total
1	2	3	4	5	6	7
	Liabilities					
1	Due to banks	0	0	655,890	0	655,890
2	Due to customers	2,404,536	1,176,479	410,567	9,596	4,001,177
2.1	Due to individuals	370,470	596,368	209,039	891	1,176,768
2.2	Other	2,034,066	580,111	201,528	8,705	2,824,409
3	Debt securities issued by the Bank	187	0	0	0	187
4	Subordinated debt	616	0	0	87,450	88,066
5	Other financial liabilities	59,156	8,630	481	1,255	69,521
6	Forward delivery contracts, net	0	0	0	0	0
7	Financial guarantees	37,776	703,128	38,240	0	779,144
8	Other credit related commitments	564,135	229,299	46,290	0	839,724
9	**Total potential future payments under financial liabilities**	**3,066,405**	**2,117,535**	**1,151,468**	**98,301**	**6,433,709**

Table 34.9. Maturity analysis of financial liabilities as at 31 December 2019

('000 UAH)

Line	Item	On demand and up to 1 month	1 to 12 months	12 months to 5 years	Over 5 years	Total
1	2	3	4	5	6	7
	Liabilities					
1	Due to banks	54,149	-	-	-	54,149
2	Due to customers	2,126,420	909,324	314,013	2,914	3,352,671
2.1	Due to individuals	427,193	667,985	160,443	1,404	1,257,024
2.2	Other	1,699,227	241,339	153,570	1,510	2,095,647
3	Debt securities issued by the Bank	142	138	-	-	280
4	Subordinated debt	697	-	-	99,799	100,496
5	Other financial liabilities	23,355	4,785	3,506	1,255	32,901
6	Forward delivery contracts, net	92,901	-	-	-	92,901
7	Financial guarantees	19,044	398,129	184,116	-	601,289
8	Other credit related commitments	439,322	102,040	35,703	3,670	580,735
9	**Total potential future payments under financial liabilities**	**2,756,030**	**1,414,416**	**537,338**	**107,638**	**4,815,422**

The tables below disclose the Bank's liabilities at the reporting dates by contractual maturities remaining. The amounts disclosed represent contractual undiscounted cash flows, including total credit related commitments and commitments to extend financial guarantees. These undiscounted cash flows differ from the amount included in the Statement of financial position (Balance sheet) because the carrying amounts are based on discounted cash flows.

Table 34.10. Analysis of financial assets and liabilities by maturities based on expected maturities as at 31 December 2020

(UAH '000)

Line	Item	On demand and up to 1 month	1 to 12 months	12 months to 5 years	Over 5 years	Total
1	2	3	5	6	7	8
	Assets					
1	Cash and cash equivalents	371,399	0	0	0	371,399
2	Investments in securities	1,100,360	1,014,705	290,995	0	2,406,059
3	Loans and advances to customers	327,510	938,173	736,885	331,567	2,334,135
4	Other financial assets	10,730	2,783	345	25,661	39,519

5	**Total financial assets**	**1,809,999**	**1,955,660**	**1,028,225**	**357,228**	**5,151,112**
	Liabilities					
6	Due to banks	0	0	655,890	0	655,890
7	Due to customers	2,404,536	1,176,479	410,567	9,596	4,001,177
8	Debt securities issued by the Bank	187	0	0	0	187
9	Other financial liabilities	59,156	8,630	481	1,255	69,521
10	Subordinated debt	616	0	0	87,450	88,066
11	**Total financial liabilities**	**2,464,495**	**1,185,109**	**1,066,938**	**98,301**	**4,814,842**
12	Net liquidity gap as at 31 December	(654,496)	770,552	(38,713)	258,928	336,270
13	Total liquidity gap as at 31 December	(654,496)	116,056	77,343	336,270	

Table 34.11. Analysis of financial assets and liabilities by maturities based on expected maturities as at 31 December 2019

('000 UAH)

Line	Item	On demand and up to 1 month	1 to 12 months	12 months to 5 years	Over 5 years	Total
1	2	3	5	6	7	8
	Assets					
1	Cash and cash equivalents	523,998	-	-	-	523,998
2	Investments in securities	813,625	298,165	430,328	-	1,542,118
3	Loans and advances to customers	262,107	523,994	461,630	348,609	1,596,340
4	Other financial assets	6,051	4,654	500	3,243	14,448
5	**Total financial assets**	**1,605,781**	**826,813**	**892,458**	**351,852**	**3,676,904**
	Liabilities					
6	Due to banks	54,149	-	-	-	54,149
7	Due to customers	2,126,420	909,324	314,013	2,914	3,352,671
8	Debt securities issued by the Bank	142	138	-	-	280
9	Other financial liabilities	23,355	4,785	3,506	1,255	32,901
10	Subordinated debt	697	-	-	99,799	100,496
11	**Total financial liabilities**	**2,204,763**	**914,247**	**317,519**	**103,968**	**3,540,497**
12	Net liquidity gap as at 31 December	(598,982)	(87,434)	574,939	247,884	136,407
13	Total liquidity gap as at 31 December	(598,982)	(686,416)	(111,477)	136,407	

Note 35. Capital management

Capital management activities are conducted by the Bank's Supervisory Board by way of fixing targeted capital ratios. The Bank manages its capital adequacy ratios to address the risks inherent in the business. The Bank's risk management policy is focused at securing the capital adequacy and is controlled through ratios set by the NBU as a result of its supervision over the Bank. The primary objective of the Bank's capital management is to ensure that the Bank complies with the externally imposed capital ratios and maintains strong credit ratings and healthy capital ratios in order to support its business and to maximise the shareholders' value. The Bank manages its capital structure and makes its adjustments in the light of changes in the economic conditions and the risk characteristics of its operations. In order to maintain or adjust the capital structure, the Bank may adjust the amount of dividend payments to its shareholders, return capital to its shareholders or issue equity securities.

Table 35.1. Regulatory capital structure

('000 UAH)

Line	Item	31/12/2020	31/12/2019
1	Regulatory capital	537,118	338,335
1.1	core capital (Tier 1 capital), including:	403,185	238,542
1.1.1	actually paid authorised share capital	300,000	300,000
1.1.2	disclosed provisions created or increased by retained earnings	25,497	1,350
1.1.3	licensed by the NBU equity instrument containing write-off/conversion covenants	39,941	0
1.1.4	transactions with shareholders (financial assistance from the bank's shareholders, which contribution to the core capital was approved by the NBU)	70,000	0
1.1.5	reduction of core capital (intangible assets less amortisation; capital investments in intangible assets; loss for previous and current years), including:	(32,253)	(62,807)
1.1.3.1	intangible assets less amortisation	(32,215)	(25,089)
1.1.3.2	capital investments in intangible assets	(38)	0
1.1.3.3	losses for previous periods (5031)	0	(20,796)
1.1.3.4	estimated loss for the current year	0	(16,921)
1.2	supplementary capital (Tier 2 capital), including:	133,932	99,793
1.2.1	subordinated debt included in capital	47,501	99,793
1.2.2	Estimated profit of the current year	86,431	0
For reference:			
2	Estimated profit/loss for the current year	86,431	(16,921)

3	Result of the current year (5999)	128,971	71,975
4	Result of the reporting year (gr. 504)	0	0
5	Excess of uncovered credit risk	(32,453)	(72,585)
6	Income not received for more than 30 days from the accrual date, for which the term of payment has not expired	(27)	(8,799)
7	Accrued income for which the term of payment has expired	(31,037)	(26,956)
8	Partial amount of the provision for asset-side banking transactions that is included in the income accrued but not received for more than 30 days (prefixed with '-')	20,978	19,444

Capital is a key performance indicator of the Bank used to offset the negative effects of various risks the Bank assumes in the course of its operations and to protect customer deposits and ensure financial strength and stability of the Bank's operations.

The Bank was in compliance with the effective statutory capital adequacy ratios in 2020.

The values of the above ratios were as follows as at 31 December 2020:

N1 - regulatory capital of the Bank comprised UAH 537,118 thousand;
N2 - regulatory capital adequacy ratio was 19.13 %.
N3 - core capital adequacy ratio was 14.36 %.

The values of the above ratios were as follows as at 31 December 2019:

N1 - regulatory capital of the Bank comprised UAH 338,335 thousand;
N2 - regulatory capital adequacy ratio was 14.53 %.
N3 - core capital adequacy ratio was 10.24 %.

Note 36. Commitments and contingencies

Litigations.

In 2020, 9 lawsuits were initiated against the Bank for the total amount of UAH 16,999 thousand:

- 1 (one) lawsuit as regards recovery of unreasonably acquired funds and incitement to take certain actions;
- 3 (three) lawsuits as regards recovery of cash under guarantee;
- 1 (one) lawsuit as regards recognition of a contract as null and void;
- 3 (three) lawsuits as regards recognition of an executive inscription as unenforceable;
- 1 (one) lawsuit as regards release of distrained property.

The Bank's management believes that the legal proceedings will have no negative effect on the Bank's financial position. Accordingly, the Bank did not create provisions for contingent liabilities.

Capital expenditure commitments

As at 31 December 2020, the contractual obligations associated with acquisition of intangible assets amount to UAH 2,481 thousand.

Credit related commitments

The key purpose of these instruments is to ensure provision of cash to customers where needed. Commitments to extend credit represent the undrawn portion of the loans approved for disbursement. In terms of its credit related commitments, the Bank encounters potential risk of losses totalling the amount of undrawn credit commitments where such commitments are risky, i.e. non-revocable, instruments. However, the probable amount of losses is less than the total amount of unused commitments, because most of the loan commitments are contingent upon the customer's compliance with certain creditworthiness standards. The credit risk for these commitments decreases since the Bank's credit transactions are secured with collateral. The Bank monitors the remaining maturity of its credit-related commitments, because long-term liabilities generally have a higher level of credit risk than short-term liabilities.

The Bank evaluates the probability of losses per credit related commitments as remote.

As at 31 December 2020, the total commitments to extend credit (net of guarantees) carried by the Bank on its balance sheet comprised UAH 839,724 thousand and included:

- risky (non-revocable) commitments of UAH 2,364 thousand, and
- risk-free (revocable) commitments of UAH 837,360 thousand.

Table 36.2. Credit related commitments structure

('000 UAH)

Line	Item	31/12/2020	31/12/2019
1	2	3	4
1	Credit related commitments given	840,063	580,735
2	Guarantees issued	779,144	601,289
3	Provision for credit related commitments	(1,450)	(4,906)
4	**Total credit related commitments less provision**	**1,617,757**	**1,177,118**

Table 36.3. Credit related commitments by currency

('000 UAH)

Line	Item	31/12/2020	31/12/2019
1	2	3	4
1	UAH	1,537,931	1,075,765
2	USD	65,161	56,142
3	EUR	14,665	45,211
4	**Total**	**1,617,757**	**1,177,118**

Table 36.4. Analysis of credit quality of credit related commitments as at 31 December 2020

(UAH '000)

Line	Item	Stage 1	Stage 2	Stage 3	Total
1	2	3	4	5	6
1	Credit related commitments				
2	Minimum credit risk	1,126,853	-	-	1,126,853
3	Low credit risk	490,430	-	-	490,430
4	Medium credit risk	250	-	-	250
5	High credit risk	1,309	365	-	1,674
6	Total credit related commitments	1,618,842	365	-	1,619,207
7	Impairment provision for credit related commitments	(1,422)	(28)	-	(1,450)
8	Total credit related commitments less provisions	1,617,420	337	-	1,617,757

Table 36.5. Analysis of credit quality of credit related commitments as at 31 December 2019

(UAH '000)

Line	Item	Stage 1	Stage 2	Stage 3	Total
1	2	3	4	5	6
1	Credit related commitments				
2	Minimum credit risk	847,834	-	-	847,834
3	Low credit risk	226,458	-	-	226,458
4	Medium credit risk	98,749	37	-	98,786
5	High credit risk	-	8,946	-	8,946
6	Total credit related commitments	1,173,041	8,983	-	1,182,024
7	Impairment provision for credit related commitments	(4,797)	(109)	-	(4,906)
8	Total credit related commitments less provisions	1,168,244	8,874	-	1,177,118

Table 36.6. Analysis of changes in the impairment provision for credit related commitments as at 31 December 2020

(UAH '000)

Line	Item	Stage 1	Stage 2	Stage 3	Total
1	2	3	4		6
1	Provision for impairment at the beginning of the period	4,796	110	-	4,906
2	Provision for credit related commitments given	1,177	28	-	1,205
3	Provision for credit related commitments that were derecognised or expired (other than those written-off)	(4,450)	(10)	-	(4,460)
4	Overall effect of transfers between stages				
4.1	Transfer to Stage 1	(108)	-100	-	(208)
4.2	Transfer to Stage 2	-	-	-	-
4.3	Transfer to Stage 3	-	-	-	-
5	Foreign exchange differences	7	-	-	7
6	Other changes	-	-	-	-
7	Provision for impairment at the end of the period	1,422	28	-	1,450

Table 36.7. Analysis of changes in the impairment provision for credit related commitments as at 31 December 2019

(UAH '000)

Line	Item	Stage 1	Stage 2	Stage 3	Total
1	2	3	4		6
1	Provision for impairment at the beginning of the period	1,582	43	-	1,625
2	Provision for credit related commitments given	4,249	5	-	4,254
3	Provision for credit related commitments that were derecognised or expired (other than those written-off)	(1,300)	(43)	-	(1,343)
4	Overall effect of transfers between stages				
4.1	Transfer to Stage 1	(105)	-	-	(105)
4.2	Transfer to Stage 2	-	105	-	105
4.3	Transfer to Stage 3	-	-	-	-
5	Foreign exchange differences	(13)	-	-	(13)

6	Other changes	383	-	-	383
7	Provision for impairment at the end of the period	4,796	110	-	4,906

Table 36.8. Analysis of changes in the gross carrying/nominal value for impairment of credit related commitments as at 31 December 2020

(UAH '000)

Line	Item	Stage 1	Stage 2	Stage 3	Total
1	2	3	4	5	6
1	Gross carrying amount at the beginning of the period	1,173,041	8,983	-	1,182,024
2	Credit related commitments given	1,199,344	365	-	1,199,709
3	Credit related commitments that were derecognised or expired (other than those written-off)	(763,792)	(8,983)	-	(772,775)
4	Transfer to Stage 1	1,668	-	-	1,668
5	Transfer to Stage 2	-	-	-	-
6	Transfer to Stage 3	-	-	-	-
7	Foreign exchange differences	8,581	-	-	8,581
8	Gross carrying amount at the end of the reporting period	1,618,842	365		1,619,207

Table 36.9. Analysis of changes in the gross carrying/nominal value for impairment of credit related commitments as at 31 December 2019

(UAH '000)

Line	Item	Stage 1	Stage 2	Stage 3	Total
1	2	3	4	5	6
1	Gross carrying amount at the beginning of the period	885,854	500	-	886,354
2	Credit related commitments given	688,559	37	-	688,596
3	Credit related commitments that were derecognised or expired (other than those written-off)	(399,817)	(500)	-	(400,317)
4	Transfer to Stage 1	(8,946)	-	-	(8,946)
5	Transfer to Stage 2	-	8,946	-	8,946
6	Transfer to Stage 3	-	-	-	-

7	Foreign exchange differences	(3,549)	-	-	(3,549)
8	Other changes	10,940	-	-	10,940
9	Gross carrying amount at the end of the reporting period	1,173,041	8,983	-	1,182,024

Table 36.10. Assets pledged as collateral without derecognition

(UAH '000)

Line	Item	31/12/2020		31/12/2019	
		collateralized assets	secured liability	collateralized assets	secured liability
1	2	3	4	5	6
1	Property rights to cash	4,504	4,504	4,504	4,504
2	Financial assets at FVTPL	694,998	655,890	54,149	54,167
3	**Total**	**699,502**	**660,394**	**58,653**	**58,671**

Note 37. Derivative financial instruments.

Table 37.1. Fair value of derivative financial instruments

The bank allocates to this category its derivative financial assets and liabilities held for trading and recognized at fair value through profit or loss.

As at the reporting date, the Bank had current interest rate swap contract with the NBU.

These financial assets are carried at fair value that is determined on the basis of market prices. Revaluation result (gain) was recognised as an asset, whilst (loss) was recognised as a liability.

(UAH '000)

Line	Item	Note	31/12/2020		31/12/2019	
			positive fair value	negative fair value	positive fair value	negative fair value
1	2	3	4	5	6	7
1	Forward contracts	12	-	-	56	412
2	Swap contracts	20	18	-	-	-
3	Net fair value	20	18	-	-	356

Hedge accounting

While the Bank performs trade transactions with derivative instruments to hedge its risks, those instruments do not meet the hedge accounting criteria.

Note 39. Related party transactions

Table 39.1. Related party transactions balances as at 31 December 2020

('000 UAH)

Line	Item	Major shareholders	Entities under common control	Key management personnel	Other related parties
1	Loans and advances to customers (contractual interest rates of 21 - 26 %)	21	40	2,513	206
2	Provision for payables on loans	1	1	7	13
3	Amounts due to customers (contractual interest rate 1-10%)	1,657	694	21,015	16,935
4	Subordinated debt	-	-	47,795	-
5	Equity instrument containing write-off/conversion covenants	-	-	20,149	-

Table 39.2. Income and expense from related party transactions for 2020

Line	Item	Major shareholders	Entities under common control	Key management personnel	Other related parties
1	Interest income:	-	-	21	-
2	Interest expense	(817)	(1)	(1,607)	(112)
3	Fee and commission income	3	3	2	4
4	Contributions to provision for impairment of loans and due from banks	-	-	(4)	-
5	Administrative and other expenses	1	-	2	-

Table 39.3. Other rights and obligations on related party transactions as at 31 December 2020

Line	Item	Major shareholders	Key management personnel	Other related parties
1	Other loan commitments given to customers	234	917	53

Table 39.4. Total amount of loans issued to related parties and repaid by related parties during 2020

Line	Item	Major shareholders	Key management personnel	Entities under common control	Other related parties
1	Total amount of loans issued to related parties during the period	21	1,438	-	-
2	Amount of loans repaid by related parties for the period	-	435	-	24

Table 39.5. Related party transactions balances as at 31 December 2019

Line	Item	Major shareholders	Entities under common control	Key management personnel	Other related parties
1	Loans and advances to customers (contractual interest rates of 21 – 26 %)	-	40	1,529	230
2	Provision for payables on loans	-	-	25	15
3	Amounts due to customers (contractual interest rate 1-25.5%)	8,929	965	16,104	21,747
4	Subordinated debt	60,456	-	40,040	-

Table 39.6. Income and expense on transactions with related parties for 2019

Line	Item	Major shareholders	Entities under common control	Key management personnel	Other related parties
1	Interest income:	-	-	157	16
2	Interest expense	(5,398)	(47)	(3,994)	(368)
3	Fee and commission income	6	8	12	23
4	Contributions to provision for impairment of loans and due from banks	-	-	(26)	(15)

Table 39.7. Other rights and obligations on related party transactions as at 31 December 2019

Line	Item	Major shareholders	Key management personnel	Other related parties
1	Other credit related commitments given to customers	250	1,205	30

Table 39.8. Total loans granted to related parties and repaid by related parties during 2019

Line	Item	Major shareholders	Key management personnel	Entities under common control	Other related parties
1	Total loans granted to related parties during the period	-	916	-	230
2	Total loans repaid by the related parties during the period	-	234	-	-

Table 39.9. Benefits to key management personnel

Line	Item	2020		2019	
		expense	accrued liability	expense	accrued liability
1	2	3	4	5	6
1	Current payments to employees	45,998	4,485	36,385	4,333
2	Members of the Supervisory Board performing their office duties based on civil-law agreements	1,991	-	491	-

Note 40. Subsequent events

There have been no significant events in the period between the date of preparation of the balance sheet and the date of approval of the financial statements of the Bank for the year ended 31 December 2020 that would require their adjustments and might have a bearing on the economic decisions of the users. The Bank did not perform any non-standard transactions that could affect assets, liabilities and equity or cash flows.

Approved for issuance and signed on 22 April 2021.

Chairman of the Management Board S. H. Mamedov

Chief Accountant A. M. Lipatova